

City of Kankakee, Illinois

**Comprehensive
Annual Financial Report
for the Fiscal Year Ended
April 30, 2020**

Prepared by:
The Comptroller's Office
Elizabeth D. Kubal
Comptroller

**CITY OF KANKAKEE, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED APRIL 30, 2020**

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INTRODUCTORY SECTION

City of Kankakee, Illinois
Elected and Appointed Officers and Officials
April 30, 2020

Mayor

Chasity Wells-Armstrong

City Clerk

Anjanita Dumas

Council Members

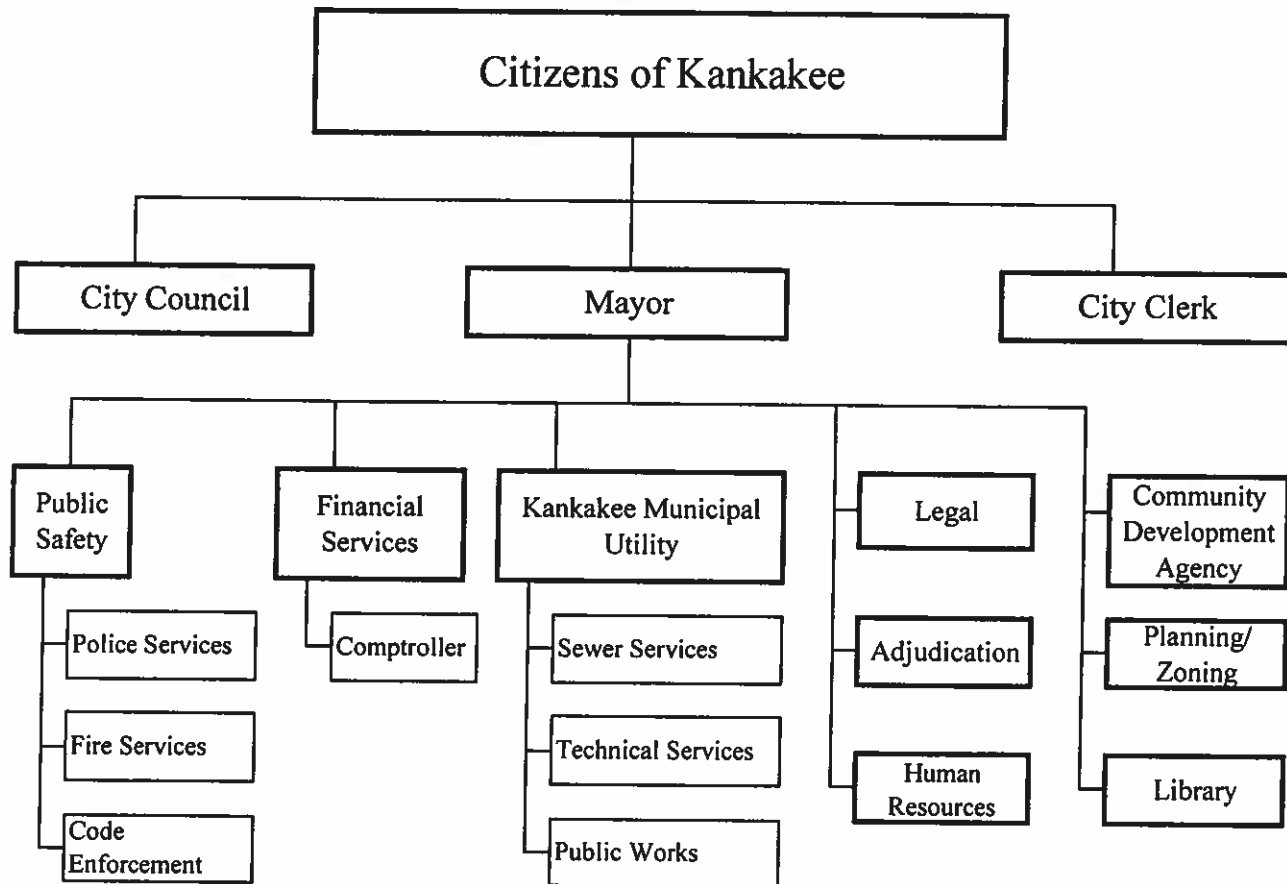
P. Carl Brown	Carmen Lewis
David Crawford	Cherry Malone-Marshall
Michael Cobbs	Michael O'Brien
Christopher Curtis	Larry A. Osenga
James A. Faford	Michael Prude
Stacy Gall	Tyler D. Tall, Sr.
Danita Grant Swanson	Fred Tetter

Appointed Officials

Frank Kosman	Deputy Police Chief
Damon Schuldt	Fire Chief
Peter Schiel	Assistant Superintendent-Utility Operations
Odelson and Sterk, LTD	Corporation Counsel
Elizabeth Kubal	Comptroller
Kristine Schmitz	Adjudication Director
James Ellexson	Human Resources Director
Tomora Nelson	Code Official
Neil Piggush	City Engineer
Michael Hoffman	City Planner
Barbi Brewer-Watson	Community Development Exec. Director
Steve Bertrand	Library Director
Bert Dear	Assistant Superintendent-Public Works
Dennis Doyle	Assistant Superintendent- Public Works

City of Kankakee, Illinois

Organizational Structure



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Kankakee, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kankakee, Illinois (the City) as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Kankakee, Illinois' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Kankakee River Metropolitan Agency (KRMA), a joint venture, the investment in which, as discussed in Note 17 to the financial statements, is accounted for by the equity method of accounting. The investment in KRMA was \$5,150,178 as of April 30, 2020, and the equity in its net income was \$899,509 for the year then ended. The financial statements of KRMA were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for KRMA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kankakee, as of April 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and supplemental schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and supplemental schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The prior year comparative information has been derived from the City's fiscal year 2019 financial statements and, in our prior year report dated August 3, 2020, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information.

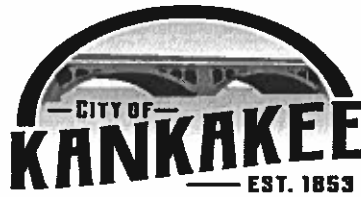
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Groskreutz, Abraham, Eshleman & Genetse LLC

Kankakee, Illinois
November 19, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS APRIL 30, 2020

The City of Kankakee (City) is pleased to present its Management's Discussion and Analysis (MD&A) related to the City's financial information for the fiscal year ended April 30, 2020. The MD&A serves as an introduction to the City's basic financial statements, and is designed to: 1) assist the reader in focusing on significant financial issues, 2) provide an overview of the City's financial activity, 3) identify changes in the City's financial position and its ability to address subsequent years' challenges, 4) identify any material deviations from the financial plan, the approved budget, and 5) identify individual fund issues or concerns.

FINANCIAL OVERVIEW

- The assets and deferred outflows of resources of the City lagged its liabilities and deferred inflows of resources by \$(64.6) million net position at the end of the fiscal year 2020 due to the continued following of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* (see more on page 6).
- The City's Total governmental funds reported combined ending fund balances of \$11.9 million. This is a decrease of \$4.2 million from the previous fiscal year due to the payment of the fiscal 2019 Home Rule sales tax payable to the fire and police pensions per ordinance.
- The City's total bonded debt has begun a steady decrease. The governmental total bonded debt decreased by \$4.7 million with the City's representing \$4.3 million and the Environmental Service Utility's (ESU) representing \$0.4 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. The City of Kankakee's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements in Table 1, or page 15, are designed to provide readers with a broad overview of the City's finances, in a manner that is congruent to private-sector business. The focus of the Statement of Net Position, the Unrestricted Net Position, is designed to be similar to the bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources which are short-term spendable resources with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities in Table 2, or on pages 16-17 is focused on both the gross and net cost of various activities including governmental and business-type, which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various

governmental services. Also, these statements include similar financial information for the various business-type activities and component units.

The government-wide financial statements are a consolidation of all of the City's funds with the exclusion of financial information related to the fiduciary funds. The government-wide financial statements are found on pages 15-17. The business-type financial statements are found on pages 22-26.

The governmental activities reflect the City's basic services, including public safety such as police, fire, and code enforcement, transportation, general administrative services, and culture and recreation. The business-type activities reflect private sector-type operations of the City which include environmental services such as storm water management and sewer collection and treatment, solid waste trash collection services and public works.

The City also includes financial information for two separate legal entities in its report, the City's Public Library and its Special Service Area #1. Although legally separate, these component units are important because the City is financially accountable for them. Financial information for these component units is reported separately in this report from the financial information presented for the primary government itself.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

The focus of governmental funds financial statements is on near-term financial resource inflows and outflows sources and uses, on balances of the City's financial resources available at the end of the fiscal year, and on the City's budgeting compliance associated with the financial sources and uses. The financial statements for the governmental funds are presented for a second time, but in a different format. This second presentation of the financial statements by funds provides a comparison of the fund statements to the government-wide financial statements so a reader may better understand the long-term impact of the government's near-term financial decisions. The Governmental Funds Balance Sheet on page 18 and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances on page 20 provide reconciliations on pages 19 and 21 to facilitate comparisons between the amounts reported in governmental funds to the amounts reported as governmental activities.

The City maintained 22 individual governmental funds during fiscal 2020, and two additional governmental funds were reported on as component units. Information for the City's major governmental funds; the General Fund, Capital Projects Fund and TIF #8 Fund are presented separately in the Governmental Funds Balance Sheet on page 18 and in the Governmental Fund, Statement of Revenues, Expenditures, and Changes in Fund Balances on page 20. Financial information for the other 19 governmental funds is combined into a single, aggregated presentation in the form of combining statements in the Combining and Individual Fund Financial Statements and Supplemental Schedules section which begins on page 110 of this report.

Proprietary Funds

The proprietary funds are accounted for as business-type activities. The basic proprietary fund financial statements can be found on pages 22-26 of this report. Those financial statements do not change and therefore, are not redisplayed as fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 27 and 28.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budgetary comparison to actual expenditures for the General Fund, required schedules in regards to the City's pension plans as well as the City's progress in funding its obligation to other post-employment benefits (OPEB) for its employees. Required supplementary information can be found on pages 90-104 of this report.

Notes to the Financial Statements

The notes provide additional information that is critical to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 34-94 of this report.

STATEMENT OF NET POSITION

The City of Kankakee's combined net position decreased by \$(4.1) million - from \$(41.6) to \$(45.7) million during 2020. This change is the result of the \$(7.3) million decrease and \$3.2 million increase in the net position of governmental activities and business-type activities, respectively. The change in net position for the governmental activities and business-type activities in FY 2020 was mostly impacted by an increase in net pension liability with the continued adherence to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The implementation of this new accounting standard began in FY 2016. These items pertain to the City's participation in the Kankakee Firefighters' Pension Fund, Kankakee Police Pension Fund, and Illinois Municipal Retirement Fund. Under previous accounting standards, the City was only required to report its obligations to the pension funds as a result of unfunded actuarially determined obligations. For more detailed information, see the Statement of Net Position on page 15. An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used and are thereby restricted.

The following table presents a condensed, comparative Statement of Net Position:

Table 1: Statement of Net Position as of April 30, 2020 and 2019 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other Assets	\$27.2	\$39.4	\$14.2	\$11.5	\$41.4	\$50.9
Capital Assets	<u>81.0</u>	<u>78.8</u>	<u>32.9</u>	<u>32.9</u>	<u>113.9</u>	<u>111.7</u>
Total Assets	<u>108.2</u>	<u>118.2</u>	<u>47.1</u>	<u>44.4</u>	<u>155.3</u>	<u>162.6</u>
Deferred Outflows of Resources	<u>39.0</u>	<u>29.2</u>	<u>2.9</u>	<u>4.1</u>	<u>41.9</u>	<u>33.3</u>
Total Assets and Deferred Outflows of Resources	<u>147.2</u>	<u>147.4</u>	<u>50.0</u>	<u>48.5</u>	<u>197.2</u>	<u>195.9</u>
Liabilities						
Long-term Debt Outstanding	192.1	175.4	25.0	27.9	217.1	203.3
Other Liabilities	<u>3.8</u>	<u>11.6</u>	<u>2.7</u>	<u>2.8</u>	<u>6.5</u>	<u>14.4</u>
Total Liabilities	<u>195.9</u>	<u>187.0</u>	<u>27.7</u>	<u>30.7</u>	<u>223.6</u>	<u>217.7</u>
Deferred Inflows of Resources	<u>15.9</u>	<u>17.7</u>	<u>3.4</u>	<u>2.1</u>	<u>19.3</u>	<u>19.8</u>
Total Liabilities and Deferred Inflows of Resources	<u>211.8</u>	<u>204.7</u>	<u>31.1</u>	<u>32.8</u>	<u>242.9</u>	<u>237.5</u>
Net Position						
Net investment in capital assets	58.1	53.3	13.4	16.4	71.5	69.7
Restricted	6.5	8.3	4.5	3.7	11.0	12.0
Unrestricted	<u>(129.2)</u>	<u>(118.9)</u>	<u>1.0</u>	<u>(4.4)</u>	<u>(128.2)</u>	<u>(123.3)</u>
Total Net Position	<u>(\$64.6)</u>	<u>(\$57.3)</u>	<u>\$18.9</u>	<u>\$15.7</u>	<u>(\$45.7)</u>	<u>(\$41.6)</u>

(Note: There may be some slight differences in totals due to rounding)

For more detailed information, see the Statement of Net Position on page 15.

Governmental Activities – Statement of Net Position Summary

The governmental activities columns present a consolidated view of all of the City's governmental funds. Total net position from governmental activities decreased \$(7.3) million as the FY'20 balance was \$(64.6) million, total assets and deferred outflows of resources decreased \$(0.1) million and total liabilities and deferred outflows of resources increasing \$7.2 million, as a result of the following these shifts in assets and liabilities:

- cash decreased \$(11.7) million (FY'20 balance of nearly the same \$11.4 million)
- long-term liabilities, specifically due within more than one year, increased \$16.7 million in FY'20
- deferred outflows of resources specifically deferred items related to pensions increased \$9.2 million
- deferred inflows of resources, specifically deferred items related to pensions decreased \$1.5 million

Business-Type Activities – Statement of Net Position Highlights

The business-type activities column presents financial information for the Environmental Service Utility (ESU), a major fund.

Total net position for the business-type activities increased \$3.2 million (20.4% to FY'20 balance of \$18.9 million), with total assets deferred outflows of resources increasing by \$1.6 million (3.3% to FY'20 balance of \$50.1 million) and total liabilities and deferred inflows decreasing by \$(1.6) million (5.2% to FY'20 balance of \$31.1 million). The following major shifts in the Utility fund assets and liabilities included:

- cash increased \$1.1 million due to the reduced expenses of ESU and increased sewer rates
- capital assets had no change with additions to standard and ordinary depreciation offsetting.
- investment in joint venture increased \$0.9 million due to Kankakee River Metro Agency's (KRMA) increased net position related to higher revenues due to a larger amount of wastewater being treated. KRMA is the waste processing agency for the metro region.
- long-term liabilities for FY'20 decreased by \$(3.0) million

Component Units – Statement of Net Position Highlights

The City includes two separate legal entities in its report, the Kankakee Public Library and the Special Service Area No. 1 (SSA #1). Although legally separate, these "component units" are important because the City is financially accountable for them. One component unit, the Kankakee Public Library, comprises 92% of the total assets for the combined component units. There were no significant financial changes in the component units during the fiscal year.

STATEMENT OF ACTIVITIES

The Statement of Activities presents information that indicates how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods for example uncollected taxes and earned but unused vacation leave. The following Statement of Activities table compares the revenues and expenses of the current and most recent fiscal years for the City's governmental and business activities, and the resulting changes in net position:

Table 2: Statement of Activities for the Fiscal Years Ended April 30, 2020 and 2019 (in millions)

(Note: There may be some slight differences in totals due to rounding)

	Governmental			Business-type			Total Primary		
	<u>Activities</u>			<u>Activities</u>			<u>Government Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>
Program Revenues									
Charges for service	\$4.0	\$3.9	\$0.1	\$20.2	\$19.1	\$ 1.1	\$24.2	\$23.0	\$ 1.2
Capital grants/ contributions	0.0	0.1	(0.1)				0.0	0.1	(0.1)
Operating grants/ contributions	3.3	1.4	1.9	0.1	0.1	0.0	3.4	1.9	1.9
General Revenues									
Property taxes	12.1	16.9	(4.8)				12.1	16.9	(4.8)
State Sales taxes	3.4	4.0	(0.6)				3.4	4.0	(0.6)
Home Rule Sales tax	4.5	4.8	(0.3)				4.5	4.8	(0.3)
Utility taxes	3.6	3.7	(0.1)				3.6	3.7	(0.1)
Other taxes	5.2	4.6	0.6				5.2	4.6	0.6
Intergovernmental	0.0	0.0	0.0				0.0	0.0	0.0
Investment income	0.2	0.3	(0.1)				0.2	0.3	(0.1)
Other	0.7	0.6	0.1	1.1	0.3	0.8	1.8	0.9	0.9
Equity interest in joint venture	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Revenues	<u>37.0</u>	<u>40.3</u>	<u>(3.3)</u>	<u>21.4</u>	<u>19.5</u>	<u>1.9</u>	<u>58.4</u>	<u>59.8</u>	<u>(1.4)</u>
Program Expenses									
General government	8.3	6.9	1.4				8.3	6.9	1.4
Public safety	31.2	28.1	3.1				31.2	28.1	3.1
Highways and streets	1.6	1.4	0.2				1.6	1.4	0.2
Community development	1.3	0.5	0.8				1.3	0.5	0.8
Culture and recreation	0.0	0.0	0.0				0.0	0.0	0.0
Economic development	0.9	1.4	(0.5)				0.9	1.4	(0.5)
Interest and fiscal charges	1.2	1.4	(0.1)	0.0	0.0	0.0	1.2	1.4	(0.1)
Proprietary fund expenses	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>17.9</u>	<u>17.9</u>	<u>0.0</u>	<u>17.9</u>	<u>17.9</u>	<u>0.0</u>
Total Expenses	<u>44.5</u>	<u>39.7</u>	<u>4.9</u>	<u>17.9</u>	<u>17.9</u>	<u>0.0</u>	<u>62.4</u>	<u>57.6</u>	<u>4.9</u>
Changes in Net Position before Transfers	(7.6)	0.6	(8.2)	3.5	1.6	1.9	(4.1)	2.2	(6.3)
Transfers	<u>0.3</u>	<u>0.3</u>	<u>0.0</u>	<u>(0.3)</u>	<u>(0.3)</u>	<u>(0.0)</u>	<u>0.0</u>	<u>0.0</u>	<u>(0.0)</u>
Total Changes in Net Position	<u><u>\$ (7.3)</u></u>	<u><u>\$ 0.9</u></u>	<u><u>\$ (8.2)</u></u>	<u><u>\$3.2</u></u>	<u><u>\$1.3</u></u>	<u><u>\$1.9</u></u>	<u><u>\$ (4.1)</u></u>	<u><u>\$2.2</u></u>	<u><u>\$ (6.3)</u></u>

Governmental Activities – Statement of Activities Summary

The City posted a decrease in net position from governmental activities before transfers of \$(7.6) million compared to an increase of \$0.6 million from the prior year.

The following charts graphically illustrate the composition of the City's revenues and expenses from governmental activities:

Chart 1: Composition of revenues from governmental activities

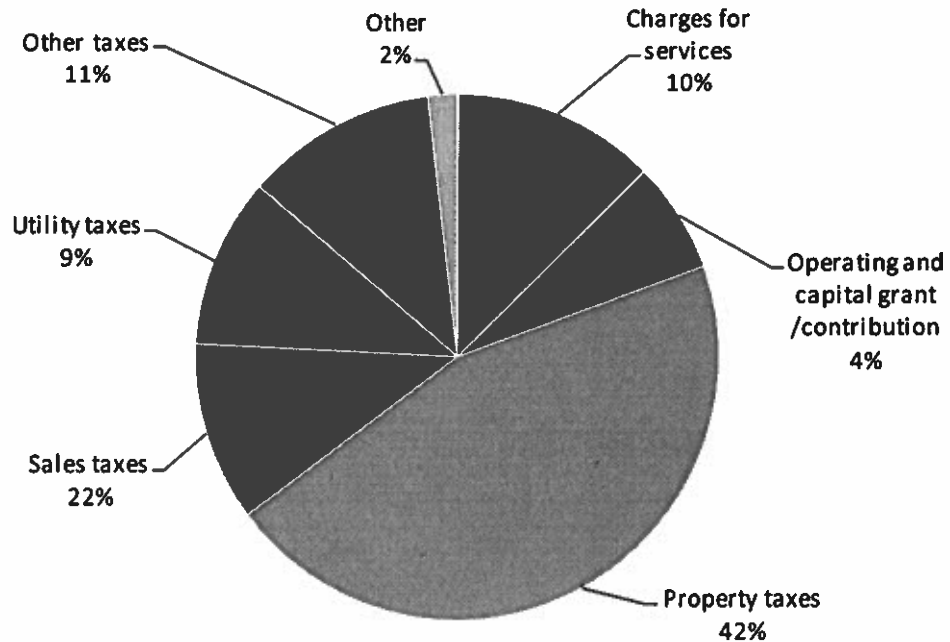
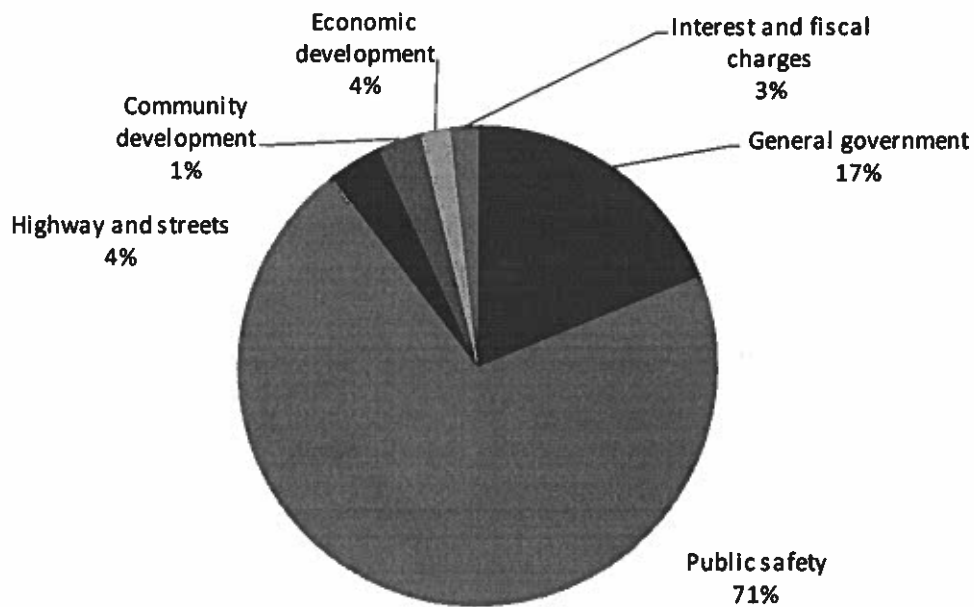


Chart 2: Composition of expenditures from governmental activities



Business-Type Activities – Statement of Activities Summary

The Business-Type Activities consists of the Kankakee Environmental Services Utility (ESU). In previous fiscal years, the Business-Type Activities included the Motor Vehicle Parking Fund which was dissolved in FY'18. ESU's operating revenue increased from FY'19 to FY'20 by \$1.1 million. The increase in ESU's operating revenue was due to increased industrial usage and the general increase to sewer rates. ESU realized a gain from its equity interest its joint venture with the Kankakee Municipal Regional Agency (KRMA) in the amount of \$0.9 million for FY '20 raising the total equity interest to \$5.1 million. KRMA operates the regional sewer treatment plant. ESU had expenses identical to FY' 19 in FY' 20 holding at \$17.9 million. Overall, an increase of \$3.2 million in business-type net position occurred for the fiscal year.

Component Unit Activities – Statement of Activities Summary

The component units, the Library and the SSA#1, saw an increase of \$0.1 million in net position from the previous year largely due to decreased expenses by the library and in SSA#1.

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

For the fiscal year ended April 30, 2020, the governmental funds reflect a combined fund balance of \$12.0 million, a decrease of \$(4.3) million from the prior fiscal year. Any major changes within the individual funds are analyzed below. Of the total fund balance for all governmental funds, \$3.6 million (30.2%) is unassigned, indicating availability for continuing City services. Non-spendable and restricted fund balances include amounts for prepaid items, inventories, debt service, unexpended street maintenance programs, culture and recreation, economic development, retirement obligations, community development and capital projects.

Analysis of Balances and Transactions of Individual Funds

The fund balance of the General Fund decreased \$(2.2) million. The decrease was due to the first payments which had timing delays from FY' 19 of the home rule sales tax dedicated to funding the City's police and fire pensions. The City continues to prudently manage its resources in light of the previous national economic challenges that are still being felt in some communities due to the property values decreasing so substantially from 2009-2017. However, in the liability section, the city saw a decrease of \$(7.7) million to this liability section. The Capital Projects Fund balance decreased \$(0.5) million from the FY'19 balance of \$0.6 million as the City utilized a portion of the \$2.85 million of general obligation bonds from FY'16 by completing various capital acquisitions and planned infrastructure improvements.

General Fund Budgetary Highlights

The City adopts an annual appropriated budget for the General, Band, Illinois Municipal Retirement Fund (IMRF), Special Service Area No. 2, Special Service Area No. 3, and Special Service Area No. 5 Funds. The procedures used to control expenditures of the other governmental funds are explained further in Note 1, Budgetary Accounting on page 105. As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The General Fund revenue and expenditure budgets were not amended during the fiscal year. A table presenting budgetary highlights for the City's General Fund is provided below.

Because of the City administration's awareness of the national economic conditions, over the past ten years the City reorganized its operations, laid off employees and realized additional personnel reductions through attrition, allowing the City to adopt a balanced budget again for FY' 20. The FY' 21 budget continued to benefit from the decision which was instituted in the FY' 15 budget adding two new revenue streams with the public safety tax and the vehicle sticker tax resulting on an average of \$1.4-\$1.5 million in revenue annually. These revenues were adopted due to decreased sales tax revenue which we have seen plateau at the current revenue level. Also, the FY '21 budget included an increase of revenues of \$0.4 million from various taxes and fees, and an increase \$0.4 million of expenses due to insurance and operational increases relating to general contract obligations, contractual wage increases and continued increases connected with the public safety department.

A summary comparison of the General Fund budget to actual results can be found on page 95, and a more detailed comparison can be found on pages 109-111. Interfund transfers are listed in Footnote 7.

State sales tax had a decrease to the budget in FY '20 on the revenue side by ending with \$3.4 million as compared to the \$3.6 million budget. State income tax was \$3.0 million in FY' 20, an increase of \$0.3 million, as compared to FY' 19 which finished at \$2.7 million. Both the Police department and Fire department expenditures were greater than budget because of increased salary costs, but mostly due to the additional pension contribution made by the City.

Table 3: General Fund Budgetary Highlights

	Original	Final		Actual vs. Final Budget (A)
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	
Revenues	\$ 26,697,926	\$26,697,926	\$ 26,935,888	\$ 237,962
Expenditures	<u>\$ 26,784,952</u>	<u>\$ 26,784,952</u>	<u>\$ 29,143,514</u>	<u>\$ (2,358,562)</u>
Excess of Revenues over Expenditures	\$ (87,026)	\$ (87,026)	\$ (2,207,626)	\$ (2,120,600)
Other Financing Sources (Uses)				
Transfers from other funds	\$ 135,000	\$ 135,000	\$ 0	\$ 0
Transfers to other funds			<u>\$ 0</u>	<u>\$ 0</u>
Net Changes in Fund Balance	<u>\$ 47,974</u>	<u>\$ 47,974</u>	<u>\$ (2,207,626)</u>	<u>\$ (2,120,600)</u>

Note:

(A) Due to pensions as previously identified.

CAPITAL ASSETS

The City's investment in capital assets includes land, construction in progress, buildings and improvements, land improvements, equipment, vehicles, leasehold improvements, and infrastructure such as roads, sidewalks, curbs, gutters, and bridges. The City's total combined investment in capital assets for fiscal 2020 increased by \$2.3 million to \$114.0 million net of accumulated depreciation.

The following table summarizes the City of Kankakee capital assets (in millions, net of depreciation) for the current and prior fiscal year:

**Table 4: Capital Asset Highlights (net of depreciation)
for the fiscal years ended April 30, 2020 and 2019**
(in millions)

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 5.7	\$ 5.7	\$ 0.7	\$ 0.6	\$ 6.4	\$ 6.3
Construction in progress	1.8	1.3	0.4	0.1	2.2	1.4
Buildings	11.1	11.4	5.1	5.3	16.2	16.7
Equipment	0.5	0.1	0.7	0.5	1.2	0.6
Vehicles	1.2	1.1	0.4	0.5	1.6	1.6
Land improvements	2.9	3.2	-	-	2.9	3.2
Leasehold improvements	-	-	0.2	0.2	0.2	0.2
Infrastructure	<u>57.8</u>	<u>56.0</u>	<u>25.5</u>	<u>25.7</u>	<u>83.3</u>	<u>81.7</u>
Total Capital Assets, net	<u>\$ 81.0</u>	<u>\$ 78.8</u>	<u>\$ 33.0</u>	<u>\$ 32.9</u>	<u>\$ 114.0</u>	<u>\$ 111.7</u>

Additional information on the City's capital assets can be found in Note 9.

LONG-TERM DEBT

At fiscal year end, the City's governmental activities had an overall increase of \$16.7 million, or 9.5% in debt. The City had a net increase of \$19.7 million for the net pension liability from \$134.4 million in FY '19 to \$154.1 million in FY '20. The general obligation bonds decreased (\$4.4) million keeping on schedule as designed. Employee related costs such as compensated absences and post-employment obligations increased \$0.1 million.

Business-type activity debt had an overall decrease of \$(2.9) million. The main component of the debt decrease was the net pension liability that was \$4.1 million in FY' 19 and decreased to \$1.2 million in FY' 20. The ESU had a decrease in revenue bonds of (\$0.4) million and the Illinois EPA loan decreased by (\$0.2) million. Other employee related costs such as compensated absences and post-employment obligations increased for a total of \$0.3 million.

The following table further summarizes the City's debt for the current and prior fiscal years:

Table 5: Debt Highlights for the fiscal years ended April 30, 2020 and 2019
(in millions, as adjusted for premiums and deferred losses)

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 28.3	\$ 32.7	-	-	\$ 28.3	\$ 32.7
Revenue bonds	-	-	\$17.8	\$18.2	17.8	18.2
Line of Credit	-	-	-	-	-	-
Illinois EPA Loan	-	-	3.3	3.5	3.3	3.5
Installment notes	0.1	0.1	-	-	0.1	0.1
Capital Lease Obligation	0.6	0.1	0.2	-	0.8	0.1
Unfunded employer pension contributions	154.1	134.4	1.2	4.1	155.3	138.5
Compensated absences	5.1	5.0	1.2	1.1	6.3	6.1
Net other post-employment benefit obligations	3.9	3.1	1.3	1.0	5.2	4.1
Total Debt	\$192.1	\$ 175.4	\$25.0	\$27.9	\$217.1	\$ 203.3

Additional information related to the City's long-term debt can be found in Note 11 on pages 53-63.

The City, under its home rule authority, does not have a legal debt limit. The City had a public rating from Standard and Poor's of A beginning in 2006. In November 2013, the City of Kankakee received a rating of A-. This rating was mostly assigned due to the lack of cash reserve, great uncertainty hovering with the sales tax litigation, and increasing pension liabilities. In November 2014 and in March 2016, the City of Kankakee received an affirmed rating of A-/Stable. At that time, Standard and Poor's positively stated that the City has very strong budgetary flexibility and strong liquidity, including their view of the City's strong access to external liquidity; however, the same rating was affirmed due to the very weak economy, featuring high unemployment, well-below average economic indicators, and very weak debt and contingent liability position connected with the City's firefighters' and police pension plans. On August 26, 2019, S&P Global (Standard and Poor's) suspended its rating on Kankakee, IL general obligation (GO) debt. S&P Global Ratings took this action because it lacked sufficient information to fully assess the City's credit quality, in accordance with its applicable criteria and policies. This was due to the City's audited financial statements being tardy due to a variety of circumstances.

The City's bond ratings were reinstated as of October 2020 with a BBB rating, stable outlook. At that time, the City issued general obligation bonds, Series 2020 A and B bonds. Additionally, the ESU issued revenue bonds Series 2020 C and D bonds. Both sets of these bonds had refunding and new money components. The City has a solid commitment with all efforts being made to present the audited financial statements timely to all agencies beginning with FY '21 audited financial statements. The City has expanded the Comptroller's office to provide proper staffing to complete all the tasks required for a City of its size. The City has been taking measures to ensure greater financial stability which are written in the Economic Factors and Next Year's Budget section below.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City continued to face economic challenges as it started to develop its General Fund budget for FY '21, but the equalized assessed valuation (EAV) which increased to \$230 million for a total of 5.0% growth. This was the second year in a row that an increase to the equalized assessed valuation (EAV) occurred in a measurable manner. The City continued to use a combination of attrition, reduction in spending and general restructuring as the primary steps to balance the FY '21 budget. The City faces ongoing contractual wage increases, increases in employer contributions for pensions, increases in medical insurance and increases in other operating costs for the foreseeable future in this new era of what appears to be continued municipal revenue shrinkage.

In efforts to provide the City with greater financial strength, the City enacted several measures over the past six years. During FY '14, the City established an unrestricted cash reserve of \$3.4 million to ensure greater long-term stability. The cash reserve at the end of FY '20 has maintained a balance of \$3.4 million. In FY '15, the addition of the revenue enhancements of the public safety fee and the vehicle sticker fee that were adopted in FY '14, totaled \$1.4 million for FY '15, and will continue for the upcoming fiscal years. In spite of all the IDOR rule changes with sales tax, the City has remained resilient by making fiscally strong decisions. A monumental decision came in March of 2018, effective July 1, 2018, when the City Council voted in a 2% home rule sale tax to be applied to the police and fire pensions thereby reducing the burden of property taxes to the residents. This tax has substantially added to the pension funds since 2018.

ESU increased its rates for sewer services beginning May 1, 2020 by 5.5% to a rate of \$7.91 per 100 cubic feet of water used. Rates were raised again in May 2021 by 6.0% to \$8.38 to support the debt service for KRMA's plant reconstruction. The sewer rate increases will help offset some of the cost increases that ESU has realized as the regional sewer treatment facility passes on its increased costs of operations.

The unemployment rate, not seasonally adjusted, for the City in June 2020 was 16.2% compared to 4.3% for 2019. The City has been greatly pleased as the unemployment rates mirror the national and state unemployment rates for the past three years. However, in March 2020, the Covid-19 pandemic occurred which drastically increased the unemployment across the country as the majority of our economy was slowed to stop the spread of Covid-19. The City's outlook is more favorable than recent years past as the City has begun to see stronger investment in economic development and greater employment. The City continues to seek solutions for the net pension obligation. The City monitors its General Fund finances on a monthly basis to determine when it might need to implement additional strategies to respond to the economic challenges faced by municipalities today.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Kankakee's finances for all those with an interest in the government's finances. Any questions concerning this report or requests for additional financial information should be addressed to the Comptroller, City of Kankakee, 304 South Indiana Avenue, Kankakee, Illinois 60901.

BASIC FINANCIAL STATEMENTS

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF NET POSITION
April 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and investments	\$ 11,361,504	\$ 294,553	\$ 11,656,057	\$ 907,543
Restricted cash and investments		5,474,322	5,474,322	
Receivables, less allowance for uncollectible amounts:				
Property taxes	11,829,800		11,829,800	1,889,000
Utility taxes	431,377		431,377	
Due from joint ventures		35,191	35,191	
Due from other governmental agencies	2,166,432	198,002	2,364,434	
Internal balances	(182,000)	182,000	-0-	
Due from component units	173,356		173,356	
Accounts receivable	904,917	2,709,384	3,614,301	11,332
Special assessments				
Materials inventory	6,622	13,472	20,094	
Prepaid items	510,450	172,731	683,181	3,657
Capital assets:				
Non-depreciable	7,538,803	1,014,023	8,552,826	
Depreciable (net of accumulated depreciation)	73,462,879	31,902,560	105,365,439	6,130,203
Investment in joint venture		5,121,928	5,121,928	
Total assets	<u>108,204,140</u>	<u>47,118,166</u>	<u>155,322,306</u>	<u>8,941,735</u>
Deferred Outflows of Resources				
Deferred charge on refunding loss	332,891	57,519	390,410	
Deferred items related to pensions	37,976,680	2,649,289	40,625,969	503,761
Deferred items related to other post-employment liability	726,860	242,287	969,147	
Total deferred outflows of resources	<u>39,036,431</u>	<u>2,949,095</u>	<u>41,985,526</u>	<u>503,761</u>
Liabilities				
Accounts payable	1,910,757	510,861	2,421,618	18,130
Accrued wages payable	547,091	203,207	750,298	
Accrued interest payable	375,200	417,999	793,199	
Due to joint venture		1,613,430	1,613,430	
Due to primary government				173,357
Due to other government agencies	823,254		823,254	
Unearned grant revenue	33,009		33,009	
Unearned licenses and fees	85,122		85,122	
Long-term liabilities:				
Due within one year	6,320,764	2,266,000	8,586,764	170,920
Due within more than one year	185,778,947	22,707,976	208,486,923	1,798,832
Total liabilities	<u>195,874,144</u>	<u>27,719,473</u>	<u>223,593,617</u>	<u>2,161,239</u>
Deferred Inflows of Resources				
Deferred property tax revenue	11,829,800		11,829,800	1,889,000
Deferred items related to pensions	4,107,207	3,444,926	7,552,133	655,049
Total deferred inflows of resources	<u>15,937,007</u>	<u>3,444,926</u>	<u>19,381,933</u>	<u>2,544,049</u>
Net Position				
Net investment in capital assets	58,142,263	13,386,707	71,528,970	4,386,662
Restricted for:				
Capital projects	90,974		90,974	
Debt service	450,836	4,458,090	4,908,926	
Economic development	3,131,637		3,131,637	
Street maintenance programs	1,392,839		1,392,839	
Culture and recreation	18,672		18,672	
Retirement obligations	1,401,480		1,401,480	
Unrestricted	(129,199,281)	1,058,065	(128,141,216)	353,546
Total net position	<u>\$ (64,570,580)</u>	<u>\$ 18,902,862</u>	<u>\$ (45,667,718)</u>	<u>\$ 4,740,208</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF ACTIVITIES
For the year ended April 30, 2020

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Primary government:			
<u>Governmental Activities</u>			
General government	\$ 8,292,445	\$ 1,596,194	\$ 100,713
Public safety	31,157,665	2,373,211	428,215
Highways and streets	1,573,755		1,426,644
Community development	1,348,224	35,000	1,319,910
Culture and recreation	16,680		
Economic development	903,253		
Interest and fiscal charges	1,221,237		
Total governmental activities	44,513,259	4,004,405	3,275,482
<u>Business-Type Activities</u>			
Sewer utility	12,687,887	17,119,581	
Solid waste utility	5,185,127	3,066,122	121,157
Total business-type activities	17,873,014	20,185,703	121,157
Total primary government	\$ 62,386,273	\$ 24,190,108	\$ 3,396,639
Component units:			
Library	\$ 2,147,722	\$ 328,437	\$ 149,954
Special Service Area No. 1	176,487	13,642	3,000
Total component units	\$ 2,324,209	\$ 342,079	\$ 152,954

General Revenues:

Property taxes levied for general purposes

Utility taxes

Intergovernmental, not restricted to specific programs:

 State replacement income tax

 State income tax

 Local use tax

 Home rule sales tax

 State sales tax

 State gaming tax

 Other

Investment income

Other

Total

Transfers

Changes in net position

Net position, May 1, 2019

Net position, April 30, 2020

Net (Expense) Revenue and Change in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (6,595,538)		\$ (6,595,538)	
(28,356,239)		(28,356,239)	
(147,111)		(147,111)	
6,686		6,686	
(16,680)		(16,680)	
(903,253)		(903,253)	
(1,221,237)		(1,221,237)	
(37,233,372)		(37,233,372)	
	\$ 4,431,694	4,431,694	
	(1,997,848)	(1,997,848)	
-0-	2,433,846	2,433,846	
(37,233,372)	2,433,846	(34,799,526)	
			\$ (1,669,331)
			(159,845)
			(1,829,176)
12,106,127		12,106,127	1,874,582
3,588,563		3,588,563	
757,770		757,770	
2,984,578		2,984,578	
950,184		950,184	
4,459,284		4,459,284	
3,361,954		3,361,954	
471,945		471,945	
37,500		37,500	
223,977		223,977	4,157
713,486	1,035,147	1,748,633	11,180
29,655,368	1,035,147	30,690,515	1,889,919
268,845	(268,845)	-0-	-0-
(7,309,159)	3,200,148	(4,109,011)	60,743
(57,261,421)	15,702,714	(41,558,707)	4,679,465
\$ (64,570,580)	\$ 18,902,862	\$ (45,667,718)	\$ 4,740,208

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2020

	General Fund	Capital Projects Fund	Tax Increment Financing District No. 8 Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 4,714,829	\$ 200,498	\$ 2,900,343	\$ 3,545,834	\$ 11,361,504
Receivables, less allowance for uncollectible amounts:					
Property taxes	5,859,000		1,016,000	4,954,800	11,829,800
Utility taxes	431,377				431,377
Due from other governmental agencies	2,035,202			131,230	2,166,432
Due from other funds	502,965	76,278		343,299	922,542
Due from component units	153,901			19,455	173,356
Accounts receivable	584,955	74,031		245,931	904,917
Materials inventory	6,622				6,622
Prepaid items	510,450				510,450
Total assets	<u>\$ 14,799,301</u>	<u>\$ 350,807</u>	<u>\$ 3,916,343</u>	<u>\$ 9,240,549</u>	<u>\$ 28,307,000</u>
Liabilities					
Accounts payable	\$ 1,460,366	\$ 12,655	\$ 5,546	\$ 432,190	\$ 1,910,757
Accrued wages payable	508,636			38,455	547,091
Due to other governmental agencies	823,254				823,254
Due to other funds	209,978	247,178	97,184	550,202	1,104,542
Unearned grant revenue	33,009				33,009
Unearned licenses and fees	85,122				85,122
Total liabilities	<u>3,120,365</u>	<u>259,833</u>	<u>102,730</u>	<u>1,020,847</u>	<u>4,503,775</u>
Deferred Inflows of Resources					
Deferred property tax revenue	5,859,000		1,016,000	4,954,800	11,829,800
Unavailable loan receivable				32,367	32,367
Total deferred inflows of resources	<u>5,859,000</u>	<u>-0-</u>	<u>1,016,000</u>	<u>4,987,167</u>	<u>11,862,167</u>
Fund Balance					
Nonspendable	517,072				517,072
Restricted for:					
Debt service				450,836	450,836
Street maintenance programs				1,392,839	1,392,839
Economic development			2,797,613	334,024	3,131,637
Culture and recreation				18,672	18,672
Retirement obligations				1,401,480	1,401,480
Capital projects		90,974			90,974
Committed for pension funding	1,351,237				1,351,237
Unassigned (deficit)	3,951,627			(365,316)	3,586,311
Total fund balance	<u>5,819,936</u>	<u>90,974</u>	<u>2,797,613</u>	<u>3,232,535</u>	<u>11,941,058</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 14,799,301</u>	<u>\$ 350,807</u>	<u>\$ 3,916,343</u>	<u>\$ 9,240,549</u>	<u>\$ 28,307,000</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
April 30, 2020

Amounts reported for governmental activities in the
statement of net position are different because of the following:

Total fund balance - governmental funds	\$ 11,941,058
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	81,001,682
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. All liabilities--both current and long-term--are reported in the statement of net position.	
Bonds payable	\$ (28,345,035)
Installment notes	(50,000)
Capital lease obligations	(615,653)
Net pension liability	(154,069,335)
Compensated absences	(5,056,000)
Net other post-employment benefit obligations	<u>(3,963,688)</u>
Total long-term liabilities (See Note 11)	(192,099,711)
Deferred charge on bond refunding loss not recorded in funds	332,891
Deferred outflows of resources related to pension plans and OPEB reported in the statement of net position are the consumption of net position that applies to future periods not reported in the funds.	38,703,540
Deferred inflows of resources related to pension plans reported in the statement of net position are the acquisition of net position that applies to future periods not reported in the funds.	(4,107,207)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	
Accrued interest payable	(375,200)
Certain long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	
Loan receivable	<u>32,367</u>
Net position of governmental activities	<u><u>\$ (64,570,580)</u></u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the year ended April 30, 2020

	General Fund	Capital Projects Fund	Tax Increment Financing District No. 8 Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 5,017,998		\$ 1,084,332	\$ 6,003,797	\$ 12,106,127
Utility taxes	3,588,563				3,588,563
Licenses, permits and fees	3,580,569				3,580,569
Charges for services	67,690				67,690
Fines and penalties	356,146				356,146
Intergovernmental	13,447,930	\$ 100,713		2,746,554	16,295,197
Interest income	193,104		4,278	26,595	223,977
Miscellaneous	683,888	10,598		22,500	716,986
Total revenues	<u>26,935,888</u>	<u>111,311</u>	<u>1,088,610</u>	<u>8,799,446</u>	<u>36,935,255</u>
Expenditures:					
Current:					
General government	5,954,724	813,514		920,449	7,688,687
Public safety	22,413,710	303,549			22,717,259
Highways and streets				1,142,841	1,142,841
Community development	63,547			1,284,677	1,348,224
Culture and recreation				16,680	16,680
Economic development	626,533		1,038,654	1,803,410	3,468,597
Debt service:					
Principal retirement	85,000	131,438		4,232,563	4,449,001
Interest and fiscal charges		6,529		1,292,458	1,298,987
Total expenditures	<u>29,143,514</u>	<u>1,255,030</u>	<u>1,038,654</u>	<u>10,693,078</u>	<u>42,130,276</u>
Excess (deficiency) of revenues over expenditures	<u>(2,207,626)</u>	<u>(1,143,719)</u>	<u>49,956</u>	<u>(1,893,632)</u>	<u>(5,195,021)</u>
Other financing sources (uses):					
Issuance of capital lease		670,716		43,828	714,544
Transfers from other funds				1,144,036	1,144,036
Transfers to other funds		(84,453)	(648,738)	(142,000)	(875,191)
Total other financing sources (uses)	<u>-0-</u>	<u>586,263</u>	<u>(648,738)</u>	<u>1,045,864</u>	<u>983,389</u>
Net change in fund balance	<u>(2,207,626)</u>	<u>(557,456)</u>	<u>(598,782)</u>	<u>(847,768)</u>	<u>(4,211,632)</u>
Fund balance, May 1, 2019	<u>8,027,562</u>	<u>648,430</u>	<u>3,396,395</u>	<u>4,080,303</u>	<u>16,152,690</u>
Fund balance, April 30, 2020	<u>\$ 5,819,936</u>	<u>\$ 90,974</u>	<u>\$ 2,797,613</u>	<u>\$ 3,232,535</u>	<u>\$ 11,941,058</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
For the year ended April 30, 2020

Amounts reported for governmental activities on the statement of activities
are different because of the following:

Net change in fund balance - total governmental funds	\$ (4,211,632)
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Governmental funds report capital outlays as expenditures. However, on the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. Proceeds from disposal of capital assets are reported as other financing sources in the governmental funds, but as a reduction of capital assets and recognition of gains and losses at the government-wide level.

Expenditure for capital assets	4,067,863
Loss on disposal of capital assets	(35,521)
Depreciation	(1,869,161)

Repayments of principal from current financial resources is an expenditure in the governmental funds, but are a reduction of long-term liabilities on the statement of net position.

Principal payments on bonds payable	4,230,000
Principal payments on long-term notes payable	10,000
Principal payments on capital leases	209,000

Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortized bond premium	86,908
Amortized deferred loss	(66,057)
Change in accrued interest on long-term debts	56,900
Net change in compensated absences payable	(89,000)
Change in net pension liability for pension plans	(19,636,565)
Change in deferred outflows of resources for pension plans	9,261,224
Change in deferred inflows of resources related to pensions	1,524,526
Change in deferred outflows of resources for other post employment liability	682,086
Change in net other post-employment benefit obligations payable	(815,186)

Proceeds from issuance of long-term debt obligations are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of net position.

Proceeds from capital lease issued	(714,544)
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Change in net position of governmental activities	<u>\$ (7,309,159)</u>
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See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2020

	<u>Enterprise Fund</u> <u>Kankakee</u> <u>Environmental</u> <u>Services</u> <u>Utility</u>
Assets	
Current assets:	
Cash and investments	\$ 294,553
Restricted cash and investments	2,969,862
Receivables, less allowance for uncollectible amounts:	
Due from joint venture	35,191
Due from other funds	209,923
Due from other governmental agencies	198,002
Accounts receivable	2,709,384
Inventory	13,472
Prepaid items	<u>172,731</u>
Total current assets	<u>6,603,118</u>
Non-current assets:	
Restricted cash and investments	2,504,460
Capital assets:	
Non-depreciable	1,014,023
Depreciable (net of accumulated depreciation)	31,902,560
Investment in joint venture	<u>5,121,928</u>
Total non-current assets	<u>40,542,971</u>
Total assets	<u>47,146,089</u>
Deferred Outflows of Resources	
Deferred charge on refunding loss	57,519
Deferred items related to Illinois Municipal Retirement Fund	2,649,289
Deferred items related to other post-employment benefit liabilities	<u>242,287</u>
Total deferred outflows of resources	<u>2,949,095</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(Continued)
April 30, 2020

	<u>Enterprise Fund</u> Kankakee Environmental Services Utility
Liabilities	
Current liabilities:	
Accounts payable	\$ 510,861
Accrued wages payable	203,207
Accrued interest	417,999
Due to joint venture	1,613,430
Due to other funds	27,923
Accrued employee absences	439,000
Illinois EPA loan payable due within one year	191,964
Revenue bonds payable due within one year	1,525,000
Capital lease payable due within one year	<u>110,036</u>
Total current liabilities	<u>5,039,420</u>
Non-current liabilities:	
Accrued employee absences	701,700
Net other post-employment benefit liabilities	1,321,230
Net pension liability	1,189,651
Illinois EPA loan payable, less portion due within one year	3,128,931
Revenue bonds payable, less portion due within one year	16,252,257
Capital lease payable, less portion due within one year	<u>114,207</u>
Total non-current liabilities	<u>22,707,976</u>
Total liabilities	<u>27,747,396</u>
Deferred Inflows of Resources	
Deferred items related to Illinois Municipal Retirement Fund	<u>3,444,926</u>
Net Position	
Net investment in capital assets	13,386,707
Restricted for debt service	4,458,090
Unrestricted	<u>1,058,065</u>
Total net position	<u>\$ 18,902,862</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the year ended April 30, 2020

	<u>Enterprise Fund</u> <u>Kankakee</u> <u>Environmental</u> <u>Services</u> <u>Utility</u>
Operating revenues:	
Charges for services:	
Sewer charges	\$ 17,119,581
Solid waste charges	2,987,220
Public works revenue	78,902
Total operating revenues	<u>20,185,703</u>
Operating expenses:	
Utility operations:	
Sewer utility:	
Administration	2,333,562
Sanitary sewers	1,180,880
Lab and industrial services	658,060
Technical services	574,241
Total sewer utility	<u>4,746,743</u>
Solid waste and public works	5,185,127
Total utility operations	<u>9,931,870</u>
Treatment charges	5,552,176
Depreciation	1,488,676
Total operating expenses	<u>16,972,722</u>
Operating income	<u>3,212,981</u>
Nonoperating revenues (expenses):	
Equity interest in joint venture	
operating income	899,509
Bond interest rebates	66,511
Interest and debt-related expenses	(900,292)
Intergovernmental	121,157
Miscellaneous income	69,127
Total nonoperating revenues (expenses)	<u>256,012</u>
Income before transfers	3,468,993
Transfers out	<u>(268,845)</u>
Change in net position	3,200,148
Net position, May 1, 2019	<u>15,702,714</u>
Net position, April 30, 2020	<u>\$ 18,902,862</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended April 30, 2020

	<u>Enterprise Fund</u> <u>Kankakee</u> <u>Environmental</u> <u>Services</u> <u>Utility</u>
Cash flows provided (used) by operating activities:	
Receipts from customers and users	\$ 19,670,315
Payments to other funds	(40,320)
Payments to suppliers	(11,639,085)
Payments to employees	<u>(3,867,686)</u>
Net cash provided (used) by operating activities	<u>4,123,224</u>
Cash flows provided (used) by noncapital financing activities:	
Transfers to other City funds	<u>(268,845)</u>
Cash flows provided (used) by capital and related financing activities:	
Acquisition and construction of capital assets	(1,534,101)
Issuance of capital lease	342,780
Repayment of loan from governmental entity	(188,191)
Repayment of revenue bonds	(440,000)
Repayment of capital lease	(118,537)
Interest and debt-related expenses	(904,005)
Bond interest rebates received	<u>66,511</u>
Net cash provided (used) by capital and related financing activities	<u>(2,775,543)</u>
Net change in cash and cash equivalents	1,078,836
Cash and cash equivalents, May 1, 2019	<u>4,690,039</u>
Cash and cash equivalents, April 30, 2020	<u>\$ 5,768,875</u>
Reconciliation of cash and cash equivalents to the statement of net position:	
Cash and investments	\$ 294,553
Restricted cash and investments, current	2,969,862
Restricted cash and investments, noncurrent	<u>2,504,460</u>
Cash and cash equivalents, April 30, 2020	<u>\$ 5,768,875</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
For the year ended April 30, 2020

	<u>Enterprise Fund</u> <u>Kankakee</u> <u>Environmental</u> <u>Services</u> <u>Utility</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 3,212,981
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	1,488,676
Other revenues	190,284
(Increase) decrease in operating assets and deferred outflows of resources:	
Accounts receivable	(587,774)
Due from other funds	(101,923)
Due from other governmental agencies	(15,975)
Inventory	20,263
Deferred outflows of resources - IMRF	1,362,536
Deferred outflows of resources - other post-employment benefits	(227,363)
Increase (decrease) in operating liabilities and deferred inflows of resources	
Accounts payable	205,798
Accrued wages payable	(3,377)
Due to joint venture	(181,441)
Accrued employee absences	35,400
Due to other funds	(40,320)
Net pension liability - IMRF	(2,855,675)
Deferred inflows of resources - IMRF	1,349,405
Net other post-employment benefit liabilities	271,729
Net cash provided (used) by operating activities	<u>\$ 4,123,224</u>
Noncash transactions related to financing, capital and investing activities:	
Amortization of early debt retirement deferred loss	<u>\$ 8,217</u>
Net amortization of premium (discount) on bond issuance	<u>\$ (7,327)</u>
Equity interest in joint venture operating income	<u>\$ 899,509</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
April 30, 2020

Assets	
Cash and short-term investments	\$ 3,603,150
Receivables, less allowance for uncollectible amounts:	
Employee contributions	36,862
Interest	84,193
Investments, at fair value:	
Mutual funds	16,196,112
Corporate stocks	6,214,057
U.S. Treasury obligations	5,427,902
U.S. Agency obligations	1,295,632
Corporate bonds	6,291,396
Municipal bonds	213,885
Prepaid items	<u>530</u>
Total assets	39,363,719
Liabilities	
Benefits and other payables	<u>562,687</u>
Net Position	
Net position restricted for pensions	<u><u>\$ 38,801,032</u></u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the year ended April 30, 2020

Additions:

Contributions:

Employer	\$ 9,409,984
Employee	<u>904,613</u>

Total contributions	<u>10,314,597</u>
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Investment income:

Net change in fair value of investments	(844,910)
Interest and dividends	<u>808,702</u>

(36,208)

Less: investment expense	<u>(207,539)</u>
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Net investment income	<u>(243,747)</u>
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Total additions	<u>10,070,850</u>
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Deductions:

Benefits	6,464,462
Refunds of contributions	87,275
Administrative expense	<u>109,156</u>

Total deductions	<u>6,660,893</u>
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Change in net position restricted for pensions	3,409,957
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Net position restricted for pensions

May 1, 2019	<u>35,391,075</u>
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April 30, 2020	<u><u>\$ 38,801,032</u></u>
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See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
April 30, 2020

	Kankakee Public Library	Special Service Area No. 1	Totals
Assets			
Cash and investments	\$ 761,355	\$ 146,188	\$ 907,543
Receivables, less allowance for uncollectible amounts:			
Property taxes	1,767,000	122,000	1,889,000
Accounts receivable	11,332		11,332
Prepaid items	3,400	257	3,657
Capital assets:			
Depreciable (net of accumulated depreciation)	5,694,475	435,728	6,130,203
Total assets	8,237,562	704,173	8,941,735
Deferred Outflows of Resources			
Deferred items related to pensions	503,761	-0-	503,761
Liabilities			
Accounts payable	7,527	10,603	18,130
Due to primary government	173,357		173,357
Long-term liabilities:			
Due within one year	170,920		170,920
Due within more than one year	1,798,832		1,798,832
Total liabilities	2,150,636	10,603	2,161,239
Deferred Inflows of Resources			
Deferred property tax revenue	1,767,000	122,000	1,889,000
Deferred items related to pensions	655,049		655,049
Total deferred inflows of resources	2,422,049	122,000	2,544,049
Net Position			
Net investment in capital assets	3,950,934	435,728	4,386,662
Unrestricted	217,704	135,842	353,546
Total net position	\$ 4,168,638	\$ 571,570	\$ 4,740,208

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the year ended April 30, 2020

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Kankakee Public Library:			
Culture and recreation	\$ 2,056,108	\$ 328,437	\$ 149,954
Interest and fiscal charges	91,614		
Special Service Area No. 1:			
Economic development	<u>176,487</u>	<u>13,642</u>	<u>3,000</u>
Total	<u>\$ 2,324,209</u>	<u>\$ 342,079</u>	<u>\$ 152,954</u>

General Revenues:

Property taxes levied for general purposes

Interest

Other

Total

Changes in net position

Net position, May 1, 2019

Net position, April 30, 2020

Net (Expense) Revenue and Change in Net Position		
<u>Kankakee Public Library</u>	<u>Special Service Area No. 1</u>	<u>Total</u>
\$ (1,577,717)		\$ (1,577,717)
(91,614)		(91,614)
	<u>\$ (159,845)</u>	<u>(159,845)</u>
<u>(1,669,331)</u>	<u>(159,845)</u>	<u>(1,829,176)</u>
1,755,826	118,756	1,874,582
3,671	486	4,157
11,180		11,180
<u>1,770,677</u>	<u>119,242</u>	<u>1,889,919</u>
101,346	(40,603)	60,743
<u>4,067,292</u>	<u>612,173</u>	<u>4,679,465</u>
<u>\$ 4,168,638</u>	<u>\$ 571,570</u>	<u>\$ 4,740,208</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Kankakee, Illinois (City), is a home rule unit under the 1970 Constitution of Illinois, Article VII. The City was incorporated in 1865 and operates under an elected Mayor/Council form of government. The City Council is comprised of the Mayor and fourteen Council members. The City's major operations include public safety (police, fire, code enforcement and animal control), public works, highways and streets, community development, culture and recreation, economic development, sewer and solid waste utility, and general administrative services. The following significant accounting policies apply to the City and its component units.

A. Reporting Entity

The City follows accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board, and either (a) the ability to impose its will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
2. Fiscal dependency on the primary government and there is a potential to provide specific financial benefits or to impose specific financial burdens.

The accompanying financial statements present the City of Kankakee, Illinois (the primary government) and its component units. The financial data of the component units is included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Units - A blended component unit is a legally separate entity from the City, but is so intertwined with the City that it is, in substance, the same as the City. For financial reporting purposes, the following component units are reported as if they were part of the City's operations.

1. **Kankakee Environmental Services Utility (Utility)** - The Utility is governed by a board which is comprised mainly of City Council members. As stated in the Utility bylaws, one City Council member from each ward is required to serve on the Utility Board. The Utility accounts for the operation of the sewer and solid waste systems, including the public works services which benefit the citizens of the City. The primary government has the operational responsibility for the utility.
2. **Community Development Agency** - The Community Development Agency is governed by the City Council. Its major sources of revenue are intergovernmental grants that are used to benefit the citizens of the City. The primary government has the operational responsibility for this Agency.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Discretely Presented Component Units - A discretely presented component unit is an entity that is legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City's basic financial statements to be misleading or incomplete. The following discretely presented component units are reported in a separate column to emphasize that they are legally separate from the City.

1. **Kankakee Public Library (Library)** - The Library is governed by a board appointed by the City Council. The Library is financially accountable to the City as the City's approval is needed for the levy of property taxes and to issue bonded debt. The City has also assumed the obligation to finance the Library's deficits.
2. **Special Service Area No. 1 (SSA No. 1)** - SSA No. 1 promotes and develops downtown Kankakee. SSA No. 1 is financially accountable to the City as the City's approval is needed for the levy of property taxes and to issue bonded debt. The City has also assumed the obligation to finance the SSA No. 1's deficits.

Separately audited financial statements for the component units are not available. Combining financial statements for the discretely presented component units are presented after the basic financial statements and prior to the notes to the financial statements.

Fiduciary Component Units - The City reports its police and firefighter's employee retirement systems as fiduciary component units. Although they are legally separate from the City, they are reported as if they were part of the primary government because their sole purpose is to provide retirement benefits for the City's police officers and firefighters as described below. They are reported as pension trust funds.

Police Pension Employees Retirement System - The City's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The City is obligated to fund all PPERS costs not funded by its participants based upon actuarial valuations, which creates a financial burden on the City. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Accordingly, the PPERS is fiscally dependent on the City. Separate financial statements are not available for the PPERS.

Firefighters' Pension Employees Retirement System - The City's firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary and two elected firefighters' employees constitute the pension board. The City is obligated to fund all FPERS costs not funded by its participants based upon actuarial valuations, which creates a financial burden on the City. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Accordingly, the FPERS is fiscally dependent on the City. Separate financial statements are not available for the FPERS.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Joint Ventures – The City of Kankakee has two investments in joint ventures which are reported on the equity method of accounting. See Note 17 for details.

B. Basis of Presentation

Government-wide Financial Statements - The government-wide statement of net position and statement of activities report the overall financial activities of the City and its component units, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the City. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Additionally, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect expenses for centralized functions are included in the direct expenses. Program revenues include 1) fines, fees, and charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

General Fund - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - This fund accounts for the resources used for capital acquisition and other major capital improvement projects including streets, sidewalks and community development projects. Due to its general importance to the overall operation, the City has elected to treat the Capital Projects Fund as major, although it has not met the criteria requiring such treatment for fiscal year 2020.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Tax Increment Financing District No. 8 Fund – This fund is used to account for revenues derived from the property tax on increased assessed valuation of properties located near Interstate 57, exit 308 and Routes 45/52. Established in 2003, the funds are used within the district to encourage infill and redevelopment of these areas such as upgrading utilities and infrastructure, providing incentive for building renovations, and preparing land for redevelopment. Due to its general importance to the overall operation, the City has elected to treat this Fund as major, although it has not met the criteria requiring such treatment for fiscal year 2020.

The City reports the following major proprietary fund:

Kankakee Environmental Services Utility - This fund accounts for the provision of sewer services to the residents of the City and operation of the City's waste collection and disposal services. All activities necessary to provide such services are accounted for in this fund, including administration, operations, financing, public works, billing and collection. Activities are funded with user fees.

Additionally, the City reports the following fiduciary fund type:

Pension Trust Funds - These funds account for the accumulation of retirement and disability benefits for police and firefighters' pension plans.

C. Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements - The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City receives value without directly giving equal value in exchange, include property tax revenue, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. For example, the 2018 levy is recognized as revenue for the year ended April 30, 2020.

Revenues from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions associated with a proprietary fund's principal ongoing activities. Exchange transactions are those in which each party receives and gives up essentially equal values. The principal operating revenues of the City's enterprise funds come from charges to customers for sales and services which include sewer and solid waste charges and utility fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except for property tax, to be available if they are collected within 90 days of the end of the current fiscal period. Revenues for property tax are considered to be available if they are collected within 60 days of the end of the current fiscal year for the year intended to finance. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt and claims and judgments are recorded only when payment is due. Compensated absences are recorded only when retirement or separation has occurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, income taxes, utility taxes, intergovernmental revenues, franchise taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility) and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports unavailable/unearned and deferred revenue on its financial statements. Unavailable/unearned and deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unavailable/unearned and deferred revenues also arise when the resources are received by the City before it has a legal claim to them or prior to the provision of services. In subsequent periods, when both revenue recognition criteria are met, or when

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

the City has a legal claim to the resources, the liability or deferred inflow is removed from the financial statements and revenue is recognized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

D. Investments

Investments are generally reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Short-term investments are reported at cost, which approximates fair value. For investments, the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs valued using quoted matrix pricing models; Level 3 inputs are significant unobservable inputs.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

The value of open-end mutual funds are determined by the pool's share price. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value.

E. Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the non-current portion of interfund loans. All other outstanding balances between funds are reported as "due to/from other funds." Interfund balances between governmental funds and between proprietary funds are not included in the government-wide statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not expendable available financial resources.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The City has the following types of interfund transactions:

Loans - Amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e., due to other funds) in borrower funds in the fund balance sheets or fund statements of net position.

Services Provided and Used - Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net position.

Reimbursements - Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers - Flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

F. Inventory and Prepaid Items

Inventory, such as fuel and office supplies, is accounted for using the consumption method and is valued at an average weighted cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements accounted for on the consumption method.

Inventory and prepaids reported in the governmental funds are not available for appropriation and therefore result in nonspendable fund balance.

G. Restricted Cash and Investments - Enterprise Funds

Certain cash and investments in the Kankakee Environmental Services Utility are restricted in accordance with the ordinances authorizing the issuance of the revenue bonds.

H. Long-Term Debt, Bond Premiums, Discounts, and Bond Issue Costs

In the government-wide and proprietary fund financial statements, outstanding debts are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are expensed in the period incurred.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

In the fund financial statements, government fund types recognize bond premiums and discounts, as well as bond issue costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the period incurred.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, drainage systems, traffic controls, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at acquisition value at the date of donation.

Minimum capitalization costs are as follows:

Land	\$ 25,000
Machinery, equipment and vehicles	5,000
Buildings, land improvements, and leasehold improvements	100,000
Infrastructure assets	250,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, whereas improvements extending the useful lives of the related capital assets are capitalized.

Capital assets of the City and its component units are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings, major plant and sewerage equipment	20 - 75
Machinery, equipment and vehicles	5 - 20
Improvements	7 - 40
Infrastructure	25 - 100

J. Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus any material unspent bond proceeds.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Restricted - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the City's practice to use restricted resources first, then unrestricted resources when they are needed. None of the restricted net position results from enabling legislation adopted by the City in current year.

Unrestricted - This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

K. Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned.

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

L. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments, substantially all of which have a maturity of three months or less when acquired.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

N. Fund Equity – Governmental Fund Financial Statements

Fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance is reported for amounts that are either not in a spendable form or legally or contractually required to be maintained intact. Restrictions in fund balance are reported for amounts constrained by legal restrictions from outside entities. Committed fund balance is constrained by an ordinance of the City Council, which is considered the City's highest level of decision making authority. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose but do not meet the criteria to be classified as committed. The City Council by resolution authorized the Comptroller to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. Any residual fund balance of the General Fund and any deficits in other funds, if any, are reported as unassigned.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the City considers committed funds to be expended first, followed by assigned and then unassigned.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows related to pension and OPEB expense and unamortized bond refunding charges to be recognized in future periods

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources on the Statement of Net Position consist of property taxes levied for a future period and deferred inflows related to pensions. The Governmental Funds Balance Sheet reports property taxes levied for a future period and unavailable loans receivable as deferred inflows of resources.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS:

Investing is performed in accordance with investment policies complying with state statutes (as outlined in the Illinois Public Funds Act of 1943) and City charter. These statutes and the City charter authorize the City to invest in direct and general obligations of the United States of America, obligations issued or guaranteed by instrumentalities or agencies of the United States of America, direct and general obligations of any state, interest-bearing demand or time deposits or interest in money market portfolios issued by state banks or trust companies or national banking associations or savings and loan associations that are continuously and fully insured, shares of a diversified open-end management investment company, state pooled investment funds, or repurchase agreements of government securities through banks or trust companies. Police and Fire pension investments are governed by the Illinois Pension Code which authorize, in addition to the above investments, investments in common stock, mutual funds and life insurance company contracts. The City's Police and Firefighters' Pension Funds, under the direction of their respective Boards of Trustees, contractually delegate investment oversight to investment managers.

The City maintains a cash and investment pool that is available for use by the General Fund, Capital Projects Fund, and all special revenue funds (except the Motor Fuel Tax Fund and the Community Development Agency). In addition, non-pooled cash and investments are separately held by several of the City's funds including component units. The deposits and investments of the pension trust funds are held separately from those of the other City funds.

Deposits The custodial credit risk for deposits with financial institutions is the risk that in the event of bank's failure, the City deposits may not be returned to it. The City, component units and pension trust funds' investment policies require all uninsured deposits with financial institutions to be fully collateralized with the collateral held by an independent third party acting as the City's agent and held in the name of the City, component units and pension trust funds, respectively.

At April 30, 2020, the carrying amount of the City's deposits for governmental and business-type activities was \$7,490,317 and the bank balance was \$8,524,798. The entire bank balance was covered through federal depository insurance or by collateral held by the City or its agent, in the City's name.

At April 30, 2020, the carrying amount of deposits of fiduciary activities was \$1,191,861 and the bank balance was \$1,193,520 of which \$633,377 was uninsured and uncollateralized. This portion of the bank balance that is uninsured and uncollateralized is a violation of the City's investment policy.

At April 30, 2020, the carrying amount of deposits of the City's component units was \$907,543 and the bank balance was \$1,112,163 of which \$715,926 was uninsured and uncollateralized. This portion of the bank balance that is uninsured and uncollateralized is a violation of the City's investment policy.

Investments The following table presents the investments and investment maturities of the City and its component units as of April 30, 2020. Categorized investments are insured or registered for which the securities are held by the City or its agent in the City's name. Uncategorized investments are not subject to categorization because they are not securities. The relationship between the City and the investment agent is a direct contractual relationship.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Governmental and business-type activities:					
Uncategorized investments:					
Illinois Funds	\$ 6,055,543	\$ 6,055,543			
Illinois Metropolitan Investment	147,658	147,658			
Money market	<u>3,426,922</u>	<u>3,426,922</u>	—	—	—
	<u>9,630,123</u>	<u>9,630,123</u>	\$ -0-	\$ -0-	\$ -0-
Fiduciary activities:					
Categorized investments:					
U.S. Treasury obligation	5,427,902	990,144	2,052,817	2,384,941	
U.S. Government agencies	1,295,632	100,196	336,341	97,621	761,974
Municipal bonds	213,885	70,893		92,562	50,430
Corporate bonds	6,291,396	353,651	2,271,751	2,836,507	829,487
Uncategorized investments:					
Mutual funds	16,196,112	16,196,112			
Money market	2,411,289	2,411,289			
Common stock (1)	<u>6,214,057</u>				
	<u>38,050,273</u>	<u>20,122,285</u>	<u>4,660,909</u>	<u>5,411,631</u>	<u>1,641,391</u>
Total investments	<u>\$47,680,396</u>	<u>\$29,752,408</u>	<u>\$4,660,909</u>	<u>\$5,411,631</u>	<u>\$1,641,391</u>

(1) Risk disclosures do not apply to equities.

The City's Fiduciary Funds (Pension Trust Funds) had the following recurring fair value measurements as of April 30, 2020:

		Fair value measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>Investment by Fair Value Level</u>	<u>April 30, 2020</u>		
Debt securities			
U.S. Treasury obligations	\$ 5,427,902	\$ 5,427,902	
U.S. agency obligations	1,295,632		\$1,295,632
Municipal bonds	213,885		213,885
Corporate bonds	6,291,396		6,291,396
Equity securities			
Common stock	6,214,057	6,214,057	
Mutual funds	<u>16,196,112</u>	<u>16,196,112</u>	
Total investments measured at fair value	<u>\$35,638,984</u>	<u>\$27,838,071</u>	<u>\$7,800,913</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):

The City invests in Illinois Funds, an external investment pool administered by the State Treasurer, which is rated AAAM by Standard & Poor's Investment Services. The City also invests in Illinois Metropolitan Investment Fund, an external investment pool administered by and for Illinois public funds managers and financial officers, which is rated Aaa/bf by Moody's Investors Services. The investments in the securities of U.S. government agencies were all rated AA+ by Standard & Poor's, and Aaa by Moody's Investors Services. No rating is available for the City's investment in money market funds and corporate bonds which are managed by an investment broker.

Interest Rate Risk

Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment. In accordance with the City's investment policy, the City invests in mortgage-backed securities. These securities are reported at fair value and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flow from interest payments is reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated. The City invests in mortgage-backed securities to diversify the portfolio and to increase the return while minimizing the extent of risk.

The City's investment policy limits investment maturities in the General Fund and special revenue funds to a maximum of 36 months. Investments in other funds may be purchased with a longer maturity to match future project or liability requirements as limited by bond ordinances. However, in practice, the City generally limits the average duration of its investments to less than one year in order to control fair value losses arising from increasing interest rates and to remain sufficiently liquid to meet operating needs. Interest rate risk for investments held by pension trust funds is managed by establishing investment parameters for the investment managers.

Credit Risk

The City's investment and cash management policy, as well as the investment policies of the Police and Firefighters' Pension Trust Funds, prescribe to the "prudent person" rule, which states, "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived." The City's investment policy follows the requirements of the State of Illinois Public Funds Investment Act, which prescribes allowable investment vehicles. According to the City's investment policy governing diversification, its investment in Illinois Funds shall not exceed 40 percent of the total investment portfolio unless specifically authorized by the City Council. The City places no limit on the amount the City may invest in any other issuer. The Police and Firefighters' Pension Trust Funds each have separate investment policies, which establish criteria for allowable investments. Both funds follow the requirements of the Illinois Pension Code.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 3 - PROPERTY TAXES:

Property taxes are levied each year on all taxable real property located in the City. The City must file its tax levy ordinance by the last Tuesday of December of each year. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year. Property taxes are collected by the Kankakee County Collector who remits to the City its share of the collection. Taxes levied for calendar year 2018 were due, payable, and collected in two installments in June and September 2019.

Revenue for property taxes is recognized in the governmental funds in the year for which the taxes are intended to finance and the funds are available. The City considers property tax revenue to be available if it is collected during the current year or within 60 days after year end. Property taxes levied for calendar year 2018 were intended to finance the fiscal year 2020 expenditures. Accordingly, the City recognized revenue during the year ended April 30, 2020 for collections from the calendar year 2018 levy if it was received by June 30, 2020. Property taxes levied for calendar year 2019, which will be collected in fiscal year 2021, are recorded as receivables and deferred revenue (deferred inflow of resources) as of April 30, 2020. The 2020 tax levy, which attaches as an enforceable lien on property as of January 1, 2020, has not been recorded as a receivable as of April 30, 2020, as the tax had not yet been levied by the City and was not be levied until December 2020, and therefore, the levy is not measurable at April 30, 2020.

NOTE 4 - ACCOUNTS RECEIVABLE:

An analysis of the collectability of accounts receivable for sewer, garbage collection, public safety fees, Community Development Agency loans and other receivables was performed as of April 30, 2020. The analysis shows that the collection of approximately \$417,424 of these accounts is doubtful. An allowance for uncollectible accounts for this amount has been recorded. At April 30, 2020, the City has deferred economic development loans receivable of \$32,367 since they will not be available to pay current period expenditures. All other receivables are scheduled for collection during the fiscal year ending April 30, 2021.

Accounts receivable at April 30, 2020, are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Activities</u>
Governmental activities:				
Trash collection	\$ 160,024			\$ 160,024
Franchise fees	58,837			58,837
Public safety fees	214,124			214,124
Economic development loans			\$ 230,273	230,273
Other receivables	<u>336,994</u>	<u>\$74,031</u>	<u>209,058</u>	<u>620,083</u>
Total	769,979	74,031	439,331	1,283,341
Less: allowance for doubtful accounts	<u>(185,024)</u>	<u>-0-</u>	<u>(193,400)</u>	<u>(378,424)</u>
Accounts receivable, net	<u>\$ 584,955</u>	<u>\$74,031</u>	<u>\$ 245,931</u>	<u>\$ 904,917</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 4 - ACCOUNTS RECEIVABLE (Continued):

	Environmental Services Utility
Business-type activities:	
Sewer charges	\$2,342,836
Garbage collection	382,053
Other receivables	<u>23,495</u>
Total	2,748,384
Less: allowance for doubtful accounts	(39,000)
Accounts receivable, net	<u>\$2,709,384</u>
	Kankakee Public Library
Component units:	
Sponsorships and other	\$ 4,709
Room/venue rental	<u>6,623</u>
Total	11,332
Less: allowance for doubtful accounts	<u>-0-</u>
Accounts receivable, net	<u>\$11,332</u>

NOTE 5 - DUE FROM OTHER GOVERNMENTAL AGENCIES:

The following receivables are included in due from other governmental agencies:

Governmental activities:	
General Fund:	
Home rule sales tax	\$ 986,880
Sales tax	792,316
State replacement tax	103,440
Gaming tax	27,777
Various grants	<u>124,789</u>
Total General Fund	<u>2,035,202</u>
Nonmajor governmental funds:	
CDBG Grant	49,559
Motor Fuel Taxes	<u>81,671</u>
Total nonmajor governmental funds	<u>131,230</u>
Total governmental activities	<u>\$2,166,432</u>
Business-type activities:	
Kankakee Environmental Services Utility:	
Kankakee Township	\$156,668
State of Illinois	<u>41,334</u>
Total Business-type activities	<u>\$198,002</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES:

Interfund balances at April 30, 2020 consisted of the following:

Primary government:

Governmental funds:

Due to General Fund from:

Capital Projects Fund \$247,179

Nonmajor governmental funds 255,786

\$502,965

Component units:

Library \$153,901

Due to Capital Projects Fund from:

Nonmajor governmental funds \$76,278

Due to nonmajor governmental funds from:

General Fund \$ 55

Kankakee Environmental Services Utility 27,923

Nonmajor governmental funds 315,321

Total \$343,299

Component units:

Library \$19,455

Enterprise funds:

Due to Kankakee Environmental Services Utility from:

General Fund \$209,923

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All these interfund balances are expected to be repaid within one year.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 7 - INTERFUND TRANSFERS:

<u>Fund Transferred From</u>	<u>Funds Transferred To</u>
	<u>Nonmajor Governmental</u>
Capital Projects Fund	\$ 84,453
Tax Increment Financing District No. 8	648,738
Nonmajor Governmental	142,000
Kankakee Environmental Services Utility	<u>268,845</u>
	<u>\$1,144,036</u>

The following paragraphs provide information concerning the various interfund transfers for the year ended April 30, 2020:

The Capital Projects Fund transferred \$84,453 to Tax Increment Financing District No. 1 to provide for the closing of that fund in FY 2020 by covering for expenditures incurred in prior years.

The following funds transferred money to the Debt Service Fund to provide for bond and interest retirement:

Tax Increment Financing District No. 8	\$648,738
Tax Increment Financing District No. 6	142,000
Kankakee Environmental Services Utility	160,845

The Kankakee Environmental Services Utility Fund transferred \$108,000 to the Community Development Agency Fund (CDA) to provide for rental and maintenance charges incurred on behalf of CDA in prior years.

NOTE 8 - DEFICIT FUND BALANCE:

At April 30, 2020, the following funds had a deficit fund balance. This deficit is not in violation of any state law.

General Obligation Bonds, series 2008	\$26,382
General Obligation Bonds, series 2012	44,547
General Obligation Bonds, series 2013	7,539
General Obligation Bonds, series 2014	11,338
General Obligation Bonds, series 2016	2,802
Community Development Agency	272,708

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 9 - CAPITAL ASSETS:

A summary of changes in capital assets of the City and its component units for the year ended April 30, 2020 is as follows:

	<u>Balance May 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2020</u>
Primary government:				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,721,138			\$ 5,721,138
Construction in progress	<u>1,298,929</u>	<u>\$3,118,731</u>	<u>\$2,599,995</u>	<u>1,817,665</u>
Total capital assets not being depreciated	<u>7,020,067</u>	<u>3,118,731</u>	<u>2,599,995</u>	<u>7,538,803</u>
Capital assets being depreciated:				
Buildings	14,282,745			14,282,745
Equipment	1,353,935	601,755		1,955,690
Vehicles	4,510,447	347,377	65,424	4,792,400
Land improvements	5,797,793			5,797,793
Infrastructure	<u>79,720,293</u>	<u>2,599,995</u>	<u>40,365</u>	<u>82,279,923</u>
Total capital assets being depreciated	<u>105,665,213</u>	<u>3,549,127</u>	<u>105,789</u>	<u>109,108,551</u>
Less accumulated depreciation:				
Buildings	2,908,076	190,190		3,098,266
Equipment	1,218,275	220,749		1,439,024
Vehicles	3,429,199	214,620	65,424	3,578,395
Land improvements	2,602,989	259,301		2,862,290
Infrastructure	<u>23,688,240</u>	<u>984,301</u>	<u>4,844</u>	<u>24,667,697</u>
Total accumulated depreciation	<u>33,846,779</u>	<u>1,869,161</u>	<u>70,268</u>	<u>35,645,672</u>
Total capital assets being depreciated, net	<u>71,818,434</u>	<u>1,679,966</u>	<u>35,521</u>	<u>73,462,879</u>
Governmental activities, Capital assets, net	\$ <u>78,838,501</u>	\$ <u>4,798,697</u>	\$ <u>2,635,516</u>	\$ <u>81,001,682</u>

Depreciation expense for governmental activities for the year ended April 30, 2020 was charged to functions as follows:

General government	\$ 429,621
Public safety	455,239
Highways and streets	<u>984,301</u>
	<u>\$1,869,161</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 9 - CAPITAL ASSETS (Continued):

	Balance May 1, 2019	Additions	Deletions	Balance April 30, 2020
Business-type activities:				
Kankakee Environmental Services Utility:				
Capital assets not being depreciated:				
Land	\$ 652,263			\$ 652,263
Construction in progress	<u>42,983</u>	\$ 318,777	—	<u>361,760</u>
Total capital assets not being depreciated	<u>695,246</u>	<u>318,777</u>	\$-0-	<u>1,014,023</u>
Capital assets being depreciated:				
Buildings	12,850,459	80,978		12,931,437
Equipment	4,036,225	426,878		4,463,103
Vehicles	3,408,144			3,408,144
Leasehold improvements	289,696			289,696
Infrastructure	<u>42,002,432</u>	<u>707,468</u>		<u>42,709,900</u>
Total capital assets being depreciated	<u>62,586,956</u>	<u>1,215,324</u>	-0-	<u>63,802,280</u>
Less accumulated depreciation:				
Buildings	7,581,723	269,614		7,851,337
Equipment	3,562,780	167,229		3,730,009
Vehicles	2,869,449	139,633		3,009,082
Leasehold improvements	124,145	7,018		131,163
Infrastructure	<u>16,272,947</u>	<u>905,182</u>		<u>17,178,129</u>
Total accumulated depreciation	<u>30,411,044</u>	<u>1,488,676</u>	-0-	<u>31,899,720</u>
Total capital assets being depreciated, net	<u>32,175,912</u>	(273,352)	-0-	<u>31,902,560</u>
Business-type activities, capital assets, net	<u>\$32,871,158</u>	\$ 45,425	\$-0-	<u>\$32,916,583</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 9 - CAPITAL ASSETS (Continued):

	Balance May 1, 2019	<u>Additions</u>	<u>Deletions</u>	Balance April 30, 2020
Component Units:				
Kankakee Public Library:				
Capital assets being depreciated:				
Buildings	\$7,758,883			\$7,758,883
Equipment	59,489			59,489
Leasehold improvements	<u>294,670</u>	—	—	<u>294,670</u>
Total capital assets being depreciated	<u>8,113,042</u>	\$ -0-	\$-0-	<u>8,113,042</u>
Less accumulated depreciation:				
Buildings	2,060,494	103,452		2,163,946
Equipment	59,489			59,489
Leasehold improvements	<u>180,398</u>	<u>14,734</u>	—	<u>195,132</u>
Total accumulated depreciation	<u>2,300,381</u>	<u>118,186</u>	-0-	<u>2,418,567</u>
Component unit-Kankakee Public Library, capital assets, net	<u>5,812,661</u>	(118,186)	-0-	<u>5,694,475</u>
Special Service Area No. 1:				
Capital assets being depreciated:				
Land improvements	1,126,132	-0-	-0-	1,126,132
Less accumulated depreciation:				
Land improvements	<u>635,486</u>	<u>54,918</u>	-0-	<u>690,404</u>
Component unit-Special Service Area No. 1, capital assets, net	<u>490,646</u>	(54,918)	-0-	<u>435,728</u>
Component units, capital assets, net	<u>\$6,303,307</u>	\$(173,104)	\$-0-	<u>\$6,130,203</u>

NOTE 10 – DUE TO OTHER GOVERNMENT AGENCIES:

In November 2017, City received a notification from Illinois Department of Revenue that the Department overpaid the City \$823,254 of sales taxes resulted from three taxpayers erroneously reporting their share of taxes on non-taxable transactions. The Department was proposing an adjustment and repayment of the amount by the City in monthly installments (of approximately \$45,700) within an 18-month timeframe. The matter went into litigation. In October 2018, an agreement was reached to repay the amount in 120 monthly installments of approximately \$6,860 each. \$823,254 is reported in General Fund as due to other government agencies in the accompanying financial statements.

The Department was to recoup the monthly repayments from the City's future local sales tax distributions proceeds. As of April 30, 2020, the Department has not recouped any amounts from the City's monthly sales tax receipts.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 11 - LONG-TERM DEBT OBLIGATIONS:

A summary of changes in long-term debt for the year ended April 30, 2020 is as follows:

	Balance <u>May 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>April 30, 2020</u>	Due within <u>One Year</u>
Primary Government:					
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 32,265,000		\$4,230,000	\$ 28,035,000	\$4,350,000
Premium on bond proceeds	<u>396,943</u>		<u>86,908</u>	<u>310,035</u>	
Total bonds payable	32,661,943	\$ -0-	4,316,908	28,345,035	4,350,000
Installment notes	60,000		10,000	50,000	10,000
Capital lease obligations	110,109	714,544	209,000	615,653	133,764
Net pension liability	134,432,770	19,636,565		154,069,335	
Compensated absences	4,967,000	1,410,000	1,321,000	5,056,000	1,827,000
Net other post-employment benefit liability	<u>3,148,502</u>	<u>815,186</u>		<u>3,963,688</u>	
Governmental activities - total long-term debt	<u>\$175,380,324</u>	<u>\$22,576,295</u>	<u>\$5,856,908</u>	<u>\$192,099,711</u>	<u>\$6,320,764</u>
Business-type activities:					
Environmental Services Utility:					
Bonds Payable:					
Revenue bonds	\$18,090,000		\$440,000	\$17,650,000	\$1,525,000
Premium (discount) on bond proceeds	<u>135,084</u>		<u>7,827</u>	<u>127,257</u>	
Total bonds payable	18,225,084	\$-0-	447,827	17,777,257	1,525,000
Illinois EPA loan	3,509,086		188,191	3,320,895	191,964
Capital lease		342,780	118,537	224,243	110,036
Net pension liability	4,045,326		2,855,675	1,189,651	
Compensated absences	1,105,300	35,400		1,140,700	439,000
Net other post-employment benefit liability	<u>1,049,501</u>	<u>271,729</u>		<u>1,321,230</u>	
Business-type activities - total long-term debt	<u>\$27,934,297</u>	<u>\$649,909</u>	<u>\$3,610,230</u>	<u>\$24,973,976</u>	<u>\$2,266,000</u>
Component units:					
Capital lease obligations	\$1,906,142		\$162,601	\$1,743,541	\$170,920
Net pension liability	<u>718,090</u>		<u>491,880</u>	<u>226,211</u>	
Component units - total long-term debt	<u>\$2,624,232</u>	<u>\$-0-</u>	<u>\$654,481</u>	<u>\$1,969,752</u>	<u>\$170,920</u>

Long-term liabilities other than debt typically have been liquidated in the General Fund, Kankakee Environmental Services Utility, and Library Fund (a component unit), as applicable.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

Long-term debt is comprised of the following:

Governmental
Activities

General Obligation Bonds

The City has issued several general obligation serial bonds to provide for the costs of the City's various public infrastructure and capital improvement programs. General obligation bonds at April 30, 2020, consist of the following:

\$6,930,000 City of Kankakee serial bonds dated June 1, 2008, due in annual installments on January 1 of amounts ranging from \$315,000 to \$1,075,000, through January 2024, plus interest ranging from 3.45% to 5.25% payable semiannually.	\$ 4,035,000
\$10,180,000 City of Kankakee serial bonds dated April 15, 2009, due in annual installments on January 1 of amounts ranging from \$80,000 to \$1,025,000 through January 2029, plus interest ranging from 2.30% to 5.00% payable semiannually.	7,065,000
\$14,905,000 City of Kankakee serial bonds dated April 15, 2009, due in annual installments on January 1 of amounts ranging from \$35,000 to \$2,275,000, through January 2025, plus interest ranging from 3.00% to 5.00% payable semiannually.	215,000
\$5,000,000 City of Kankakee serial bonds dated April 27, 2011, due in annual installments on January 1 of amounts ranging from \$105,000 to \$955,000 through January 2025, plus interest ranging from 2.50% to 4.90% payable semiannually.	4,505,000

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

	<u>Governmental Activities</u>
\$3,915,000 City of Kankakee serial bonds dated October 11, 2012, due in annual installments on January 1 of amounts ranging from \$20,000 to \$535,000, through January 2024, plus interest ranging from 2.00% to 2.90% payable semiannually.	\$ 1,395,000
\$2,635,000 City of Kankakee serial bonds dated December 23, 2013, due in annual installments on January 1 of amounts ranging from \$120,000 to \$620,000 through January 2024 plus interest ranging from 2.00% to 3.95% payable semiannually.	745,000
\$6,455,000 City of Kankakee serial bonds dated December 30, 2014, due in annual installments on January 1 of amounts ranging from \$40,000 to \$1,085,000 through January 2025 plus interest ranging from 2.00% to 4.00% payable semiannually.	4,145,000
\$3,665,000 City of Kankakee serial bonds dated April 19, 2016, due in annual installments on January 1 of amounts ranging from \$125,000 to \$675,000, through January 2027, plus interest ranging from 2.00% to 4.00% payable semiannually.	3,080,000
\$2,850,000 City of Kankakee serial bonds dated April 19, 2016, due in annual installments beginning on January 1, 2026 of amounts ranging from \$210,000 to \$315,000, through January 2036, plus interest of 4.00% payable semiannually.	<u>2,850,000</u>
Total general obligation bonds	28,035,000
Add: Unamortized premium on bond issuance	<u>310,035</u>
Total general obligation bonds payable	<u>\$28,345,035</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

The annual requirements to amortize all general obligation bonds outstanding at April 30, 2020, are as follows:

Year Ending <u>April 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,350,000	\$1,135,614	\$ 5,485,614
2022	3,890,000	968,991	4,858,991
2023	4,235,000	816,024	5,051,024
2024	4,420,000	645,409	5,065,409
2025	3,495,000	465,788	3,960,788
2026 – 2030	5,935,000	959,402	6,894,402
2031 – 2035	1,395,000	234,800	1,629,800
2036	<u>315,000</u>	<u>12,600</u>	<u>327,600</u>
	<u>\$28,035,000</u>	<u>\$5,238,628</u>	<u>\$33,273,628</u>

Governmental
Activities

Installment Notes

Non-interest bearing \$200,000 loan dated February 22, 2005, from the Illinois Finance Authority for the purchase of a fire truck, payable in twenty annual installments of \$10,000, commencing on November 1, 2005 through November 1, 2024.

\$50,000

The annual requirements to amortize all long-term installment loans outstanding at April 30, 2020, are as follows:

Governmental activities:

Year Ending <u>April 30,</u>	<u>Principal</u>
2021	\$10,000
2022	10,000
2023	10,000
2024	10,000
2025	<u>10,000</u>
	<u>\$50,000</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

Capital Lease Obligation

The City and its component unit, Kankakee Public Library, have entered into lease agreements as lessees for financing the acquisition of an ambulance, other vehicles, radio communication equipment, sewer cleaning equipment, and the acquisition of the library building. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments in the accompanying financial statements. The following is a schedule of capital lease obligations and the minimum lease payments:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Unit - Library</u>
\$35,567 lease, plus interest of \$7,975, due in 60 monthly installments of \$580, including interest, and a final payment in the amount of \$8,738, through April 2024. Payable from Capital Projects Fund.	\$ 30,438		
\$18,599 lease, plus interest of \$3,775, due in monthly installments of \$294 including interest, and a final payment in the amount of \$4,635, through November 2024. Payable from Capital Projects Fund.	17,256		
\$25,181 lease, plus interest of \$4,612, due in monthly installments of \$397, including interest, and a final payment in the amount of \$5,993, through January 2025. Payable from Capital Projects Fund.	23,964		
\$25,181 lease, plus interest of \$4,612, due in monthly installments of \$397, including interest, and a final payment in the amount of \$5,993, through January 2025. Payable from Capital Projects Fund.	23,964		
\$601, 755 lease, plus interest of \$35,969, due in annual installments of \$127,545, including interest, through January 2024. Payable from Capital Projects Fund.	478,766		
\$18,599 lease, plus interest of \$3,775, due in monthly installments of \$294, including interest, and final payment in the amount of \$4,635, through November 2024. Payable from Community Development Agency Fund.	17,256		

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
\$25,229 lease, plus interest of \$4,582, due in monthly instalments of \$397, including interest, and a final payment in the amount of \$6,005, through November 2024. Payable from Community Development Agency Fund.	\$ 24,000		
\$7,758,883 lease, plus interest of \$2,628,206, due in monthly installments of \$21,185, including interest, through October 2028. Payable from Kankakee Public Library Fund, a component unit.			\$1,743,542
\$342,780 lease, plus interest of \$12,830 due in three annual installments of \$118,537 including interest, through August 2021. Payable from Environmental Services Utility.		<u>\$224,243</u>	
Total capital lease obligations	<u>\$615,653</u>	<u>\$224,243</u>	<u>\$1,743,542</u>

The following is an analysis of the assets recorded under capital leases at April 30, 2020:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Governmental Activities:			
Vehicles	\$148,356	\$ 35,065	\$113,291
Equipment	<u>601,755</u>	<u>120,351</u>	<u>481,404</u>
Total	<u>\$750,111</u>	<u>\$155,416</u>	<u>\$594,695</u>
Business-type Activities:			
Equipment	<u>\$342,780</u>	<u>\$32,646</u>	<u>\$310,134</u>
Component Units - Library:			
Buildings	<u>\$7,758,883</u>	<u>\$2,163,946</u>	<u>\$5,594,937</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

Future minimum lease payments for all capital lease obligations:

Year Ending <u>April 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Unit - Library</u>
2021	\$160,415	\$118,537	\$ 254,215
2022	155,860	118,537	254,215
2023	155,860		254,215
2024	164,017		254,215
2005	40,321		254,215
2006 – 2029			<u>868,568</u>
Total minimum lease payments	676,473	237,074	2,139,643
Less: amount representing interest	(60,820)	(12,831)	(396,102)
Present value of minimum lease payments	<u>\$615,653</u>	<u>\$224,243</u>	<u>\$1,743,541</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
<u>Net Pension Liability</u>			
Cumulative difference between the total pension liability and the plan fiduciary net position for the Police Pension Fund	\$ 80,987,889		
Cumulative difference between the total pension liability and the plan fiduciary net position for the Firefighters' Pension Fund	72,547,853		
Cumulative difference between the total pension liability and the plan fiduciary net position for Illinois Municipal Retirement Fund	<u>533,593</u>	<u>\$1,189,651</u>	<u>\$226,211</u>
Total net pension liability	<u>\$154,069,335</u>	<u>\$1,189,651</u>	<u>\$226,211</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Compensated Absences</u>		
Vested portion of the vacation and sick leave and other employee benefits which are expected to be paid from the governmental funds and enterprise funds.	<u>\$5,056,000</u>	<u>\$1,140,700</u>
<u>Net Other Post Employment Benefits</u>		
Cumulative difference between the total other post-employment benefit liability and the plan fiduciary net position for the governmental funds and enterprise funds.	<u>\$3,963,689</u>	<u>\$1,321,230</u>

Illinois EPA Loan

In February 2015, the Utility was approved for a \$4,423,385 Illinois Environmental Protection Agency (IEPA) loan for the improvements to the Stone Street lift station, sewer main lining and sewer repairs. As of April 30, 2020 the Utility has net funds borrowed of \$4,124,007, including \$46,482 of capitalized interest and \$275,000 of forgiven principal on this loan. This loan is secured by current and future utility revenues and is payable in 40 semi-annual payments, including interest at 1.995%. At April 30, 2020, the Utility owes \$3,320,895 on this loan.

Debt service on the above Illinois EPA loan payable at April 30, 2020, is as follows:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 191,964	\$ 65,299	\$ 257,263
2022	195,812	61,451	257,263
2023	199,738	57,525	257,263
2024	203,743	53,520	257,263
2005	207,828	49,435	257,263
2026 - 2030	1,103,339	182,975	1,286,314
2031 - 2035	<u>1,218,471</u>	<u>67,843</u>	<u>1,286,314</u>
	<u>\$3,320,895</u>	<u>\$538,048</u>	<u>\$3,858,943</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

Revenue Bonds

Details of the revenue bond indebtedness of the City's Environmental Services Utility Fund at April 30, 2020, are as follows:

	<u>Business-type Activities</u>
\$4,000,000 Sewer Utility serial bonds dated December 1, 2009, due in annual installments on May 1 of amounts ranging from \$220,000 to \$385,000, through May 1, 2024, plus interest at rates ranging from 2.00% to 5.80%, payable semiannually.	\$ 1,730,000
\$2,700,000 Taxable Sewer Utility serial bonds dated December 2, 2010, due in annual installments beginning on May 1, 2023 of amounts ranging from \$300,000 to \$380,000, through May 2030, plus interest at rates ranging from 5.35% to 6.50%, payable semiannually.	2,700,000
\$2,740,000 Sewer Utility serial bonds dated December 2, 2010, due in annual installments on May 1 of amounts ranging from \$15,000 to \$290,000, through May 2022, plus interest at rates ranging from 2.00% to 3.90%, payable semiannually.	1,100,000
\$2,170,000 Taxable Sewer Utility serial bonds dated August 6, 2013, due in annual installments beginning on May 1, 2017 of amounts ranging from \$215,000 to \$775,000, through May 2025, plus interest at rates ranging from 2.91% to 5.13%, payable semiannually.	1,735,000
\$3,550,000 Taxable Sewer Utility serial bonds dated August 6, 2013, due in annual installments beginning on May 1, 2025 of amounts ranging from \$95,000 to \$460,000, through May 2034, plus interest at rates ranging from 4.38% to 4.88%, payable semiannually.	3,550,000
\$7,035,000 Taxable Sewer Utility serial bonds dated August 27, 2015, due in annual installments beginning on May 1, 2018 of amounts ranging from \$55,000 to \$780,000, through May 2036, plus interest at rates ranging from 3.00% to 4.50%, payable semiannually.	<u>6,835,000</u>
Total revenue bonds	17,650,000
Add: Unamortized premium (discount) on bond issuance	<u>127,257</u>
Total revenue bonds payable	<u>\$17,777,257</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

Debt service on the above revenue bonds payable at April 30, 2020, are as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,525,000	\$ 794,932	\$ 2,319,932
2022	550,000	761,859	1,311,859
2023	1,145,000	709,087	1,854,087
2024	1,680,000	646,438	2,326,438
2025	945,000	585,956	1,530,956
2026 – 2030	5,350,000	2,190,173	7,540,173
2031 – 2035	5,675,000	836,692	6,511,692
2036 – 2037	<u>780,000</u>	<u>17,550</u>	<u>797,550</u>
	<u>\$17,650,000</u>	<u>\$6,542,687</u>	<u>\$24,192,687</u>

Revenue bond ordinances of the Kankakee Environmental Services Utility require that certain reserve accounts be maintained at designated minimum dollar amounts or that specific monthly transfers be made to such accounts. The following shows such required reserve balances and the amounts actually reserved at April 30, 2020 in the Utility:

	<u>Required</u>	<u>Actual</u>	<u>Surplus</u> <u>(Deficit)</u>
Operation and maintenance	\$ 858,243	\$1,016,232	\$ 157,989
Bond reserve	2,326,437	1,900,000	(426,437)
Reserve and replacement	500,000	554,460	54,460
Bond and interest	1,928,312	1,953,630	25,318
Surplus reserve	<u>-0-</u>	<u>50,000</u>	<u>50,000</u>
	<u>\$5,612,992</u>	<u>\$5,474,322</u>	<u>\$(138,670)</u>

Activities in the reserve accounts during the year ended April 30, 2020 were as follows:

Balance as of May 1, 2019	\$4,688,107
Additions to reserves	2,060,649
Revenue bond principal paid	(440,000)
Revenue bond interest paid	<u>(834,434)</u>
Balance as of April 30, 2020	<u>\$5,474,322</u>

The reserve account balances are represented in the Utility as restricted cash and investments. At April 30, 2020, the above amounts were not sufficient to meet the minimum balance or reserve account transfer requirements of the revenue bond ordinance.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

The Utility covenants in the bond ordinance to establish, maintain and collect at all times fees, charges and rates for the use and service of the system, sufficient at all times to pay operating and maintenance costs, to pay the principal of and interest on all outstanding revenue bonds of the City which by their terms are payable solely from the revenues, to provide net revenues in each fiscal year in the amount of not less than 120 percent of the current debt service requirement for all outstanding bonds for such fiscal year, and to the extent necessary after the application of the net revenues available pursuant to the rate covenant described in this paragraph, such additional amounts as may be required to provide an adequate depreciation fund, and to provide for the creation and maintenance of the respective reserve accounts described above. "Current Debt Service Requirement" as used in this paragraph means the amount required to be credited under the bond ordinance to the bond and interest account in a given fiscal year. "Revenues" as defined in the bond ordinance and as used in the covenant calculation does not include proceeds from the sale of capacity. During the year ended April 30, 2020, the Utility did comply with this rate covenant. The covenant calculation is included on page 136.

Required Bond Indenture Disclosures

Insurance Coverage - The plant, buildings and contents of the Kankakee Environmental Services Utility were insured at April 30, 2020 for \$9,382,233 under the City of Kankakee master policy with the Liberty Mutual Insurance Company. The Utility is also included on the master umbrella liability policy with the Chubb Insurance Company and on the City's general liability and auto liability policies with Governmental Insurance Exchange. The master policy includes the following significant coverages:

	<u>Policy limits</u>
Property damage	\$38,577,487
General liability	10,000,000
Auto liability	6,000,000

Customer and Flow Information - Most of the customers have a water meter; the number of unmetered customers is negligible. As of April 30, 2020 there were 7,090 customers providing sewer charge revenue as follows:

	<u>Number of Customers</u>	<u>Sewer Charges</u>
Residential and commercial	7,042	\$ 5,845,754
Industrial and institutional	<u>48</u>	<u>11,273,827</u>
Total	<u>7,090</u>	<u>\$17,119,581</u>

User Rates - The rates in effect at April 30, 2020 were as follows:

Flow charge (100 cu. ft.)	\$ 7.50
BOD surcharge (lb.)	.40
SS surcharge (lb.)	.40
FOG surcharge (lb.)	.40
GW contaminated (100 cu. ft.)	15.66
Fixed charge (month)	49.56
Industrial pretreatment charges - increase	5 %

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: ...indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum... shall not be included in the foregoing percentage amounts.”

To date the General Assembly has set no limits for home rule municipalities. The City of Kankakee is a home rule municipality. Under the Illinois Compiled Statutes, home rule governments may issue notes and bonds in excess of any statutory limitation and they shall not reduce the debt incurring power otherwise authorized for any such unit of government. Therefore, the City of Kankakee has no legal debt limitation.

NOTE 12 - SEGMENT INFORMATION:

Kankakee Environmental Services Utility - Accounts for the operation of the City sewer and solid waste systems. The City has issued revenue bonds to support its sewer utility activities. The fund financial statements report the Utility as a major fund. All segment report requirements are included in the fund financial statements.

NOTE 13 - TAX ABATEMENTS:

The City has entered into sales tax rebate agreements with certain eligible businesses in order to recruit, retain and improve local business facilities. These agreements provided for rebating a portion of the sales taxes generated on the transactions conducted within the City by these businesses. During the fiscal year ended April 30, 2020, \$626,533 in sales taxes were rebated under these agreements.

Pursuant to a property tax appeals settlement reached in 2017, the city reimbursed Armstrong World Industries (AWI) \$173,008 in fiscal year 2020 for overpaid property taxes by AWI in prior years. The City is committed to reimburse AWI \$132,582 annually through June 1, 2023 for the remaining overpayment.

In accordance with ordinance established in 2013 to spur new home growth within the City, the City rebates a portion of the property taxes paid by new homeowners of single-family residences, based on regulations established. Total such rebates amounted to \$81,066 in fiscal year 2020.

Illinois's Tax Increment Financing Act enables governments to finance certain redevelopment costs with the revenue generated from (1) payments in lieu of real estate taxes, as measured by the net increase in assessed valuation resulting from redevelopment and (2) a portion of the increase in other local tax revenue associated with new economic activity. When a tax increment financing (TIF) plan is adopted, real estate taxes in the redevelopment are frozen at their current level. By applying the real estate tax rate of all taxing districts having taxing power within the redevelopment area to the increased assessed valuation resulting from redevelopment, a tax "increment" is produced. The City's estimated net reduced tax revenue resulting from the TIFs for the year ended April 30, 2020, approximated \$535,600.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 14 - COMMITMENTS:

Lease Commitments

In July 1988, the City leased the Kankakee Dam for 60 years from the Illinois Department of Conservation for the purpose of constructing, operating and maintaining the Hydroelectric Plant. The annual lease payment is based on the number of kilowatt hours of electricity produced by the Hydroelectric Plant. The annual lease payment for the year ended April 30, 2020 was \$1,200.

Kankakee Environmental Services Utility entered into a lease agreement with Space Center Chicago, Inc. on October 5, 2001 to lease 34,922 square feet of office and warehouse space. The lease was scheduled to commence on December 15, 2001, and continue for a period of 240 months. The actual commencement date was April 2002. Rent consists of a base amount plus additional rent composed of operating expenses, amortization of tenant improvements and Common Area Maintenance charges. Rent expense for the year ended April 30, 2020 was \$126,228.

Kankakee Environmental Services Utility entered into a lease agreement with the Village of Manteno on February 20, 2006, to provide the means and use of the City's ability to transport and treat wastewater generated by the Village of Manteno and provide for the compensation by Manteno for the rights to utilize the collection and treatment capacity owned by Kankakee. The Village of Manteno will lease the transport and treatment capacity of 1,000,000 gallons per day, (365,000,000 gallons annually) from the City for a period of 20 years for a sum of \$150,000 per year. The annual lease payment received for the year ended April 30, 2020 was \$150,000.

Kankakee Environmental Services Utility entered into an intergovernmental agreement with the Village of Chebanse on April 5, 2004, to connect to the City's sewer system for providing sanitary sewer service for the residents of Chebanse. For the year ended April 30, 2020 the Utility received \$185,690 based upon the number of connections established for the residents of Chebanse.

Construction Commitments

The City has several active construction projects as of April 30, 2020. These projects and the City's commitment with contractors at April 30, 2020 are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Governmental activities:		
Traffic camera project	\$ 43,530	\$ 65,000
River Walk project	350,855	Not available
Hobbie Avenue	117,628	Not available
River St./FEMA Project	430,229	Not available
ICCR-Brookmont	873,058	Not available

Home Rule Sales Tax

In March 2018, the City Council approved an ordinance that imposes an additional 2% of local sales tax, effective July 1, 2018 on general merchandise sales that occur within the City. Revenues from this additional home rule sales tax collected are to be committed for City's contribution towards the funding of police and firefighters' pension plans.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 14 – COMMITMENTS (Continued):

Termination of TIF #1 - TIF District #1 was discontinued effective December 2017 as it has run its course. This TIF District was originally created to support the developments and improvements in the downtown Kankakee area and to repay any related debt, from the incremental property taxes generated after the creation of the TIF. Final receipts of any incremental property taxes were received in fiscal year ended April 30, 2019. The Council had approved a plan to spend the remaining funds in fiscal year 2020 for the development and improvements (streetscape project) in the downtown Kankakee area. The streetscape project was completed in February 2020 for a total approximate cost of 2.15 million, of which \$1,726,503 was incurred in FY20.

Kankakee Riverfront TIF District - The Kankakee Riverfront TIF district was created, effective July 1, 2019, under the provisions of Illinois Statute Section 65 ILCS 5/11-74.4-1. This section allows a municipality to recover development and improvement costs in a designated area from the incremental property taxes generated after the creation of the TIF District. The Kankakee Riverfront TIF is intended to assist in the implementation of the recently adopted Kankakee Riverfront Plan, to incent private investment on key properties, and provide resources for repair and renovation of existing business and homes.

East Court Street TIF District - In February 2020, the City adopted an ordinance creating the East Court TIF District with a goal of facilitating physical improvements, removing blighted conditions, and assisting in the reconstruction and enhancement of the Court Street corridor at the I-57, Exit 312 interchange. The East Court TIF area presents opportunity for the City to partner with the private sector to attract new jobs and expand the tax base by attracting new commercial and industrial development to the areas surrounding the Exit 312 interchange. It also provides an opportunity to enhance Kankakee's 'front door' through façade, landscape and other enhancements to existing businesses along East Court Street.

NOTE 15 - FEDERAL PROGRAM AUDITS:

The City participates in a number of federally assisted grant programs, principal of which are the Community Development Block Grant, HOME Grants, Lead-based Paint Hazard Control Program and various other public safety grant programs. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of April 30, 2020, significant amounts of grant expenditures have not been audited by the grantors, but the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

NOTE 16 – RELATED PARTY TRANSACTIONS:

The Kankakee Public Library, a component unit, reimburses the City for payroll and related benefits, generally, each month. At April 30, 2020, City has recorded due from Library of \$173,356, related to those reimbursements.

The City makes monthly payments to Kankakee River Metropolitan Agency, a joint venture, for its operation and maintenance expenses, administrative expenses, capital outlay and debt service. See Note 17 for details.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 17 - INVESTMENT IN JOINT VENTURE:

Kankakee River Metropolitan Agency

Effective May 1, 1996, pursuant to a Municipal Joint Sewage Treatment Agency Intergovernmental Agreement, the City of Kankakee and the Villages of Aroma Park, Bourbonnais, and Bradley agreed to the establishment of an independent agency with authority to operate the Regional Wastewater Treatment Facility (RWTF), raise revenue and exercise other powers as necessary. The independent agency created is the Kankakee River Metropolitan Agency (KRMA). The agreement requires a seven member board comprised of four persons appointed by the Mayor of the City of Kankakee and one person appointed by the Mayor of each village. A majority of five affirmative votes is required to modify this agreement, modify the methodology or the amount of user charges, approve bond issues or any appropriation in excess of \$50,000 or to change the membership of the Agency. On April 22, 1999, KRMA acquired ownership of the RWTF.

As of April 30, 2020, the City has recorded in the Kankakee Environmental Services Utility an investment in the joint venture of \$5,150,178 relative to its investment in KRMA and a due to joint venture in the amount of \$1,613,430. During the year ended April 30, 2020, KRMA billed the Utility \$5,552,176 for treatment charges.

Financial statements of KRMA can be obtained from the office of the Kankakee River Metropolitan Agency at 1600 W. Brookmont Blvd., Kankakee, Illinois 60901. Pertinent financial information for the joint venture as of April 30, 2020 is as follows:

Statement of net position:	
Current assets	\$ 4,230,058
Restricted assets	2,982,468
Capital assets, net	<u>70,045,567</u>
Total assets	<u>77,258,093</u>
Deferred outflows of resources	<u>376,603</u>
Total assets and deferred outflows of resources	<u>77,634,696</u>
Current liabilities	5,063,084
Non-current liabilities	<u>60,233,885</u>
Total liabilities	<u>65,296,969</u>
Total net position	<u>\$12,337,727</u>
Statement of revenues, expenses and changes in net position:	
Operating revenues	\$12,040,282
Operating expenses	(9,033,929)
Other income (expense), net	<u>(1,353,452)</u>
Change in net position	1,652,901
Ownership percentage	<u>54.42%</u>
Utility's share of change in net position (equity interest in joint venture income)	\$ <u>899,509</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 17 - INVESTMENT IN JOINT VENTURE (Continued):

Wi-Fi Kankakee, LLC

Effective May 15, 2006, pursuant to a joint operating agreement, the City and *Kankakee Daily Journal* (KDJ), a local newspaper company, formed a limited liability company named Wi-Fi Kankakee, LLC (Wi-Fi), with an equal ownership of 50 percent each for the City and KDJ. The purpose of Wi-Fi is to design, acquire, establish, install, operate, maintain and own a system by which authorized individual users (residents, businesses, and visitors) may obtain and use, within the boundaries of the City, wireless access to the internet. The agreement requires each item of Wi-Fi's income, gain, loss, deduction and credit be allocated equally to the City and KDJ.

As of April 30, 2020, the City has recorded in the Environmental Services Utility an investment in joint venture of \$(28,250) relative to its investment in Wi-Fi. A due from joint venture in the amount of \$35,191 is reported in the Environmental Services Utility from City paying for certain initial organizational costs of Wi-Fi.

Audited financial statements of Wi-Fi are not available. At April 30, 2020, the City has recorded in the Environmental Services Utility an equity interest in joint venture income (loss) of Wi-Fi in the amount of \$-0-.

NOTE 18 - RISK MANAGEMENT AND LITIGATION:

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City utilizes conventional outside insurance to cover its exposure to such liabilities and worker's compensation claims with standard retention levels. In addition, a safety committee works at prevention activities to keep risk exposure at a minimum level through employee education and monitoring of risk control activities. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City had been named in two lawsuits in regards to its sales tax incentive agreements. Since 2000, the City had entered into various sales tax sharing agreements with several retail firms to generate additional revenue for the General Fund. These tax sharing programs were based on the retail firm's willingness to site a purchasing and/or a sales approval office within the boundaries of the City. These agreements provided for rebating a portion of the sales taxes generated on the transactions conducted within the City by the partnering firm. The lawsuits were settled in July 2019 and the City, subsequently, rebated all its obligations to the affected parties based on that settlement. The total settlements paid to the affected parties amounted to \$6,961,387.

From time to time, the City is party to various other claims and legal proceedings. Although the outcome of such matters is presently not determinable, in the opinion of the City's Attorney and management, the resolution of such matters will not materially affect the financial condition of the City or any of the individual funds. Therefore, the General Fund contains no provision for additional estimated claims.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS:

The City contributes to three defined benefit pension plans. The City participates in the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The City's Police Pension Plan and Firefighters' Pension Plan are single-employer pension plans.

A. Pension Expense:

The City and its component units, for the fiscal year ended April 30, 2020, recognized a pension expense of \$19,111,141. The pension expense is made up of the following components:

	<u>IMRF</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Service cost	\$ 583,685	\$1,996,801	\$1,545,246
Interest on total pension liability	3,232,657	4,954,317	4,170,157
Projected earning on pension plan investments	(2,791,791)	(1,660,566)	(863,808)
Change of benefit terms		324,411	111,309
Employee contributions	(273,240)	(538,482)	(365,052)
Other contributions			(1,079)
Pension plan administrative expense		69,283	37,447
Other changes	(87,001)		
Prior period audit adjustments			4,250
Recognition of out flows (inflows) of resources due to liabilities	(5,944)	3,766,565	3,868,380
Recognition of out flows (inflows) of resources due to assets	(22,588)	714,942	386,459
Change in pension contributions which were made subsequent to pension liability measurement date	(45,217)	<u>-0-</u>	<u>-0-</u>
Total pension expense	\$ <u>590,561</u>	<u>\$9,627,271</u>	<u>\$8,893,309</u>
Governmental activities – pension expense	\$161,645	\$9,627,271	\$8,893,309
Business-type activities – pension expense	360,389	-0-	-0-
Component units - pension expense	<u>68,527</u>	<u>-0-</u>	<u>-0-</u>
Total pension expense	\$ <u>590,561</u>	<u>\$9,627,271</u>	<u>\$8,893,309</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

B. Deferred Outflows and inflows of Resources Related to Pension:

The City, at April 30, 2020, had the following deferred outflows and inflows of resources related to pensions:

	<u>IMRF</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Deferred outflows of resources	<u>\$4,341,332</u>	<u>\$22,210,023</u>	<u>\$14,578,374</u>
Deferred inflows of resources	<u>\$5,645,124</u>	<u>\$1,990,621</u>	<u>\$571,437</u>
Deferred outflows of resources:			
Governmental activities	\$1,188,283	\$22,210,023	\$14,578,374
Business-type activities	2,649,289	-0-	-0-
Component units	<u>503,760</u>	<u>-0-</u>	<u>-0-</u>
Total deferred outflows of resources	<u>\$4,341,332</u>	<u>\$22,210,023</u>	<u>\$14,578,374</u>
Deferred inflows of resources:			
Governmental activities	\$1,545,149	\$1,990,621	\$571,437
Business-type activities	3,444,926	-0-	-0-
Component units	<u>655,049</u>	<u>-0-</u>	<u>-0-</u>
Total deferred inflows of resources	<u>\$5,645,124</u>	<u>\$1,990,621</u>	<u>\$571,437</u>

C. Net Pension Liability:

The components of the net pension liability as of April 30, 2020, were as follows:

	<u>IMRF</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Total pension liability	\$47,224,775	\$106,345,651	\$86,340,595
Plan fiduciary net position	<u>45,275,321</u>	<u>25,357,762</u>	<u>13,792,742</u>
Net pension liability	<u>\$ 1,949,454</u>	<u>\$ 80,987,889</u>	<u>\$72,547,853</u>
Governmental activities - net pension liability	\$ 533,593	\$80,987,889	\$72,547,853
Business-type activities - net pension liability	1,189,651	-0-	-0-
Component units - net pension liability	<u>226,210</u>	<u>-0-</u>	<u>-0-</u>
Net pension liability	<u>\$1,949,454</u>	<u>\$80,987,889</u>	<u>\$72,547,853</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>95.87%</u>	<u>23.84%</u>	<u>15.97%</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

D. Illinois Municipal Retirement Fund:

Plan Description

The City contributes to the Illinois Municipal Retirement Fund (IMRF), which provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. IMRF is an agent-multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

The IMRF provides two tiers of pension benefits. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of 3 percent of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	158
Inactive Plan members entitled to but not yet receiving benefits	81
Active Plan members	<u>116</u>
 Total	 <u>355</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Contributions

As set by statute, the City's employees are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar years 2019 and 2020 were 10.46% and 12.00%, respectively. For the fiscal year ended April 30, 2020, the City contributed \$680,667 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Pension Expense and Deferred Outflows and inflows of Resources Related to Pension

For the fiscal year ended April 30, 2020, the City recognized IMRF pension expense of \$590,561, including \$68,527 for the component units. The City and its component units at April 30, 2020, had the following deferred outflows and inflows of resources related to IMRF:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Deferrals at measurement date (December 31, 2019):		
Change in assumptions	\$ 396,488	\$ 141,849
Difference between expected and actual experience in measurement of the total pension liability	272,076	196,906
Difference between projected and actual earnings on Pension plan investments	<u>3,425,060</u>	<u>5,306,369</u>
Total deferrals at measurement date	4,093,624	5,645,124
Pension contributions made subsequent to measurement date	<u>247,708</u>	<u> </u>
Total deferrals April 30, 2020	<u>\$4,341,332</u>	<u>\$5,645,124</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

The amounts reported as deferred outflows resulting from pension contributions made subsequent to the measurement date in the above table will be recognized as reductions in the net pension liabilities for the Plan year ending December 31, 2020. The remaining amounts reported as net deferred outflows and inflows of resources above will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$(341,850)
2021	(469,795)
2022	200,387
2023	(940,242)
Total	\$(<u>1,551,500</u>)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of December 31, 2019 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2019
Actuarial cost method	Entry-age normal
Asset valuation method	Market value
Assumptions:	
Inflation	2.50%
Salary increases	3.35% to 14.25%
Discount rate	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other information	There were no benefit changes during the year.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These expected future real rate of return are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rate of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target</u>	<u>Long-term expected real rate of return</u>
Equities	37%	7.15%
International Equities	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternatives	7%	
Private Equity		8.50%
Hedge Funds		5.05%
Commodities		3.20%
Cash Equivalents	1%	2.50%
	<u>100%</u>	

Single Discount Rate

The discount rate used to measure the total pension liability was 7.25% (same at December 31, 2018). The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25 percent, the municipal bond rate is 2.75 percent and the resulting single discount rate is 7.25 percent.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) – (B)
Balances at December 31, 2018	<u>\$45,526,730</u>	<u>\$39,232,617</u>	<u>\$ 6,294,113</u>
Changes for the year:			
Service cost	583,685		583,685
Interest on the total pension liability	3,232,657		3,232,657
Differences between expected and actual experience of the total pension liability	342,104		342,104
Changes of assumptions			
Contributions – employer		649,855	(649,855)
Contributions – employees		273,240	(273,240)
Net investment income		7,493,009	(7,493,009)
Benefit payments, including refunds of employee contributions	(2,460,401)	(2,460,401)	-0-
Other (Net transfer)	<u>87,001</u>	<u>87,001</u>	<u>(87,001)</u>
Net changes	<u>1,698,045</u>	<u>6,042,704</u>	<u>4,344,659</u>
Balances at December 31, 2019	<u>\$47,224,775</u>	<u>\$45,275,321</u>	<u>\$ 1,949,454</u>

Sensitivity of the Net Pension Liability to Changes in the Discount

The following presents the plan's net pension liability, calculated using a single discount rate of 7.25 percent as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

	1% Lower (6.25%)	Current Discount (7.25%)	1% Higher (8.25%)
Net pension liability (asset)	<u>\$7,433,838</u>	<u>\$1,949,454</u>	<u>\$(2,554,431)</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

E. Police Pension Fund:

Plan Description

The City's sworn police personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels and benefit provisions are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Plan as a pension trust fund. The City does not separately issue audited financial report for the Police Pension Plan.

The plan is governed by a five-member Board of Trustees. Two members of the Board are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required. Benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided

Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5 percent of final salary for each year of service up to 30 years, to a maximum of 75 percent of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5 percent of final salary for each year of service. Surviving spouses receive 100 percent of final salary for fatalities resulting from an act of duty, or otherwise the greater of 50 percent of final salary or the employee's retirement benefit. Employees disabled in the line of duty receive 65 percent of final salary.

The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years by 3 percent of the originally granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3 percent of the amount of the pension payable at the time of the increase.

For employees hired after January 1, 2011, the normal retirement age is attainment of age 55 and completion of 10 years of service. Early retirement age is attainment of age 50, completion of 10 years of service and the early retirement factor is 6 percent per year. The employee's accrued benefit is based on the employee's final eight-year average salary not to exceed \$106,800 (as indexed). Cost of living adjustments are simple increases, not compounded, of the lesser of three percent or 50 percent of the Consumer Price Index beginning the later of the anniversary and age 60. Surviving spouse's benefits are 66.67 percent of the employee's benefit at the time of death.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Employees Covered by Benefit Terms

As of April 30, 2020, the following employees were covered by the benefit terms:

Inactive Plan members or beneficiaries currently receiving benefits	61
Inactive Plan members entitled to but not yet receiving benefits	-0-
Active Plan members	<u>65</u>
Total	<u>126</u>

Contributions

Employees are required by ILCS to contribute 9.91 percent of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and administrative costs as actuarially determined by an enrolled actuary. For the year ended April 30, 2020, the City contributed \$4,654,093 to the plan.

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension

For the fiscal year ended April 30, 2020, the City recognized police pension expense of \$9,627,271. The City, at April 30, 2020, had the following deferred outflows and inflows of resources related to Police Pension:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Deferred Outflows (Inflows)</u>
Deferrals at measurement date (April 30, 2020):			
Change in assumptions	\$19,757,373	\$199,819	\$19,557,554
Difference between expected and actual experience in measurement of the total pension liability	824,389	1,753,230	(928,841)
Difference between projected and actual earnings on plan investments	<u>1,628,261</u>	<u>37,572</u>	<u>1,590,689</u>
Total deferrals at measurement date	<u>\$22,210,023</u>	<u>\$1,990,621</u>	<u>\$20,219,402</u>

The amounts reported as net deferred outflows and inflows of resources above will be recognized in pension expense in future periods as follows:

<u>Year Ending April 30,</u>	<u>Net Deferral Outflows (Inflows)</u>
2021	\$ 4,322,640
2022	4,668,018
2023	4,657,138
2024	3,858,061
2025	2,022,127
Thereafter	<u>691,418</u>
Total	<u>\$20,219,402</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation performed as of April 30, 2020 using the following actuarial methods and assumptions:

Actuarial valuation date	May 1, 2019
Measurement date	April 30, 2020
Actuarial cost method	Entry-age normal (level % pay)
Asset valuation method	Market
Amortization target	100% funded over 20 years
Discount Rate used for the Total Pension Liability	4.93%
Long-Term Expected Rate of Return on Plan Assets	6.75%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	2.56%
Projected Individual Pay Increases	3.75% - 17.39%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Urban)	2.25%
Inflation Rate Included	2.25%
Mortality Rates	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Appropriate
Retirement Rates	100% of L&A 2020 Illinois Police Retirement Rates Capped at age 65
Disability Rates	100% L&A 2020 Illinois Police Disability Rates
Termination Rates	100% L&A 2020 Illinois Police Termination Rates
Marital Assumptions	Active member: 80% Retiree and disabled members: based on actual spousal data

Assumption Changes

Assumptions changed from the prior year.

The assumed rate on High Quality 20 Year Tax-Exempt General Obligation (G.O.) Bond was changed from 3.79% to 2.56% for the current year. The underlying index used was The Bond Buyer 20-Bond G.O. Index. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. The change was made to reflect the Actuary's understanding of the requirements of GASB under Statement 67 and Statement 68.

The discount rate used in the determination of the Total Pension Liability was changed from 5.58% to 4.93%. The discount rate is impacted by a couple of metrics. Any change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate will impact the blended discount rate.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

The actuary performed a comprehensive study of Police officers and Police Pension Funds in Illinois and reviewed the results of the study as well as the demographic experience of the Fund. The actuarial assumptions were changed in the current year to the rates shown on the prior page of this report. The assumptions impacted include:

- Projected Individual Pay Increases
- Inflation Rate (CPI-U)
- Mortality Rates
- Mortality Improvement Rates
- Retirement Rates
- Termination Rates
- Disability Rates

In the current valuation, we have updated the marital assumption for retiree and disabled Members to the actual spousal data.

The above stated assumption changes were made to better reflect the future anticipated experience of the Plan.

In addition, there are changes that can be made that impact the projection of the Plan Fiduciary Net Position. For example, changes in the Formal or Informal Funding Policy can impact the Discount Rate. Actual changes in the Plan Fiduciary Net Position from one year to the next can impact the projections as well.

Demographic Assumptions

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. These rates are improved generationally using MP-2019 Improvement Rates.

Retiree Mortality follows the L&A Assumption Study for Police 2020. These rates are experience-weighted with the Raw Rates as developed in the PubS-2010(A) Study and improved generationally using MP-2019 Improvement Rates.

Disabled Mortality follows the L&A Assumption Study for Police 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.

Spouse Mortality follows the Sex Distinct Raw Rates as developed in PubS-2010(A) Study for contingent survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Other actuarial assumptions (demographic) rates are based on a review of the L&A Assumption Study for Police 2020.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Postemployment Benefit Changes

In the current year, the actuary has updated the Plan benefit changes under PA-101-0610 (SB 1300), which went into effect on January 1, 2020. These legislative changes reflect modifications to the Tier II Plan Provisions.

Eligibility for postemployment benefit increases is determined based on the Illinois Pension Code. Tier I Police retirees are provided with an annual increase of 3.00% of the current retirement benefits by statute when eligible. Tire 2 Police retirees are provided postemployment benefit increases based on the lesser of 3.00% of the original retirement benefits or one-half of the Consumer Price index (Urban) for the prior September.

The CPI-U for September 1985 was 108.3. The CPI-U for September 2019 was 256.8. The average increase in the CPI-U for September 1985 through September 2019 was 2.58% (on a compounded Basis).

Investment Policy

The ILCS limits the Police Pension Fund investments to those allowable by the ILCS and require the Police Pension Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Police Pension Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Police Pension Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations' tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general store and separate accounts, mutual funds and corporate equity securities and real estate investment trusts. No material changes were made during the current year to investment policy.

The Police Pension Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-term Expected Rate of Return</u>	<u>Estimated Arithmetic Return Attributed to Asset Class</u>
Fixed Income	38%	7.40%	4.90%
Domestic Equities	40%	11.60%	9.10%
International Equities	20%	11.20%	8.70%
Cash	<u>2%</u>	5.90%	3.40%
Total	<u>100%</u>		

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

ILCS limit the Police Pension Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Police Pension Fund's investments was determined using an asset allocation study conducted by the Police Pension Fund's investment management consultant in April 2020 in which the best estimated ranges of expected future real rate of return (including inflation) were developed by major asset class as of December 31, 2019. These ranges were combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return by the target asset allocation percentage. Best estimates or arithmetic real rates of returns excluding long-term inflation expectation of 2.50% for each major asset class included in the Police Pension Fund's target asset allocation as of April 30, 2020, are listed in the table above.

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30, 2020 for debt securities, equity securities, and mutual funds.

Investment Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.75%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Single Discount Rate

The discount rate used to measure the total pension liability was 4.93 percent. The projections of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rate. Based on these assumptions, the Police Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Police Pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Changes in the Net Pension Liability

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability <u>(A) – (B)</u>
Balances at April 30, 2019	<u>\$90,407,668</u>	<u>\$23,659,934</u>	<u>\$66,747,734</u>
Changes for the year:			
Service cost	1,996,801		1,996,801
Interest	4,954,317		4,954,317
Actuarial experience	320,739		320,739
Assumptions changes	11,582,951		11,582,951
Benefit terms changes	324,411		324,411
Contributions – employer		4,654,093	(4,654,093)
Contributions – employees		538,482	(538,482)
Net investment income		(184,228)	184,228
Benefit payments and refunds	(3,241,236)	(3,241,236)	-0-
Administrative expense	<u> </u>	<u>(69,283)</u>	<u>69,283</u>
Net changes	<u>15,937,983</u>	<u>1,697,828</u>	<u>14,240,155</u>
Balances at April 30, 2020	<u>\$106,345,651</u>	<u>\$25,357,762</u>	<u>\$80,987,889</u>

Sensitivity of the Net Pension Liability to Changes in the Discount

The following presents the plan's net pension liability, calculated using a single discount rate of 4.93 percent as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

	1% Lower <u>(3.93%)</u>	Current Discount <u>(4.93%)</u>	1% Higher <u>(5.93%)</u>
Net pension liability	<u>\$99,676,868</u>	<u>\$80,987,889</u>	<u>\$66,247,897</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

F. Firefighters' Pension Fund:

Plan Description

The City's sworn firefighter personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Plan as a pension trust fund. The City does not separately issue audited financial report for the Firefighters' Pension Plan.

The plan is governed by a five-member Board of Trustees. Two members of the Board are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active firefighter employees.

The Plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided

Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5 percent of such monthly salary for each additional month of service over 20 years up to 30 years, to a maximum of 75 percent of such monthly salary. Employees with at least 10 years, but less than 20 years of credited service, may retire at or after age 60 and receive a reduced retirement benefit ranging from 15 percent of final salary for 10 years of service to 45.6 percent for 19 years of service. Surviving spouses receive 100 percent of final salary for fatalities resulting from an act of duty, or otherwise the greater of 54 percent of final salary or the monthly retirement pension that the deceased firefighter was receiving at the time of death. Surviving children receive 12 percent of final salary. The maximum family survivor benefit is 75 percent of final salary. Employees disabled in the line of duty receive 65 percent of final salary.

The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55, by 3 percent of the amount of the pension payable at the time of the increase.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

For employees hired after January 1, 2011, the annual retirement benefit is 2.5 percent of final average salary for each year of service up to 30 years, to a maximum of 75 percent of such salary, the normal retirement age is attainment of age 55 and completion of 10 years of service. Early retirement age is attainment of age 50, completion of 10 years of service and early retirement factor of 6 percent per year. The employee's accrued benefit is based on the employee's final eight-year average salary not to exceed \$106,800 (as indexed). Cost of living adjustments are simple increases, not compounded, of the lesser of 3 percent or 50 percent of Consumer Price Index beginning the later of the anniversary date and age 60. Surviving spouse's benefits are 66.67 percent of the employee's benefits at the time of death.

Employees Covered by Benefit Terms

As of April 30, 2020, the following employees were covered by the benefit terms:

Inactive Plan members or beneficiaries currently receiving benefits	69
Inactive Plan members entitled to but not yet receiving benefits	6
Active Plan members	<u>47</u>
 Total	 <u>122</u>

Contributions

Employees are required by ILCS to contribute 9.455 percent of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and administrative costs as actuarially determined by an enrolled actuary. For the year ended April 30, 2020, the City contributed \$4,755,893 to the plan.

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension

For the fiscal year ended April 30, 2020, the City recognized firefighters' pension expense of \$8,893,309. The City, at April 30, 2020, had the following deferred outflows and inflows of resources related to Firefighters' Pension:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Deferred Outflows (Inflows)</u>
Deferrals at measurement date (April 30, 2020):			
Change in assumptions	\$13,231,731	\$266,260	\$12,965,471
Difference between expected and actual experience in measurement of the total pension liability	510,194	280,483	229,711
Difference between projected and actual earnings on investments	<u>836,449</u>	<u>24,694</u>	<u>811,755</u>
Total deferrals at measurement date	<u>\$14,578,374</u>	<u>\$571,437</u>	<u>\$14,006,937</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

The amounts reported as net deferred outflows and inflows of resources above will be recognized in pension expense in future periods as follows:

Year Ending April 30,	Net Deferred Outflows (Inflows)
2021	\$ 4,238,072
2022	4,120,792
2023	3,679,933
2024	1,886,241
2025	<u>81,899</u>
Total	<u>\$14,006,937</u>

Actuarial Methods and Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2020 using the following actuarial methods and assumptions:

Actuarial valuation date	May 1, 2019
Measurement date	April 30, 2020
Actuarial cost method	Entry-age normal (level % pay)
Asset valuation method	Market
Amortization target	100% funded over 20 years
Discount Rate used for the Total Pension Liability	5.04%
Long-Term Expected Rate of Return on Plan Assets	6.75%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	2.56%
Projected Individual Pay Increases	3.75% - 8.13%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Urban)	2.25%
Inflation Rate Included	2.25%
Mortality Rates	Pub-2010 Adjusted for Plan Status, Demographic, and Illinois Public Pension Data, as Appropriate
Retirement Rates	100% L&A 2020 Illinois Firefighters Retirement Rates Capped at age 65
Disability Rates	100% L&A 2020 Illinois Firefighters Disability Rates
Termination Rates	100% L&A 2020 Illinois Firefighters Termination Rates
Marital assumptions	Active members: 80% Retiree and disabled members: Based on actual spousal data

Assumption Changes

Assumptions changed from the prior year.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

The assumed rate on High Quality 20 Year Tax-Exempt General Obligation (G.O.) Bonds was changed from 3.79% to 2.56% for the current year. The underlying index used was The Bond Buyer 20-Bond G.O. Index. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. The change was made to reflect the actuary's understanding of the requirements of GASB under Statement 67 and Statement 68.

The discount rate used in the determination of the Total Pension Liability was changed from 5.47% to 5.04%. The discount rate is impacted by a couple of metrics. Any change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate will impact the blended discount rate.

The actuary performed a comprehensive study of Firefighters and Firefighter Pension Funds in Illinois and reviewed the results of the study as well as the demographic experience of the Fund. The actuarial assumptions were changed in the current year to the rates shown on the prior page of this report. The assumptions impacted include:

- Projected Individual Pay Increases
- Inflation Rate (CPI-U)
- Mortality Rates
- Mortality Improvement Rates
- Retirement Rates
- Termination Rates
- Disability Rates

In the current valuation, the actuary has updated the marital assumption for retiree and disabled Members to the actual spousal data.

The above stated assumption changes were made to better reflect the future anticipated experience of the Plan.

In addition, there are changes that can be made that impact the projection of the Plan Fiduciary Net Position. For example, changes in the Formal or Informal Funding Policy can impact the Discount Rate. Actual changes in the Plan Fiduciary Net Position from one year to the next can impact the projections as well.

Demographic Assumptions

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. These rates are improved generationally using MP-2019 Improvement Rates.

Retiree Mortality follows the L&A Assumption Study for firefighters 2020. These rates are experience-weighted with the Raw Rates as developed in the PubS-2010(A) Study and improved generationally using MP-2019 Improvement Rates.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Disabled Mortality follows the L&A Assumption Study for Firefighters 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.

Spouse Mortality follows the Sex Distinct Raw Rates as developed in PubS-2010(A) Study for contingent survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Other actuarial assumptions (demographic) rates are based on a review of the L&A Assumption Study for Firefighters 2020.

Postemployment Benefit Changes

In the current year, the actuary has updated the Plan benefit changes under PA-101-0610 (SB 1300), which went into effect on January 1, 2020. These legislative changes reflect modifications to the Tier II Plan Provisions.

Eligibility for postemployment benefit increases is determined based on the Illinois Pension Code. Tier I Firefighter retirees are provided with an annual increase of 3.00% of the current retirement benefits by statute when eligible. Tire 2 Firefighter retirees are provided postemployment benefit increases based on the lesser of 3.00% of the original retirement benefits or one-half of the Consumer Price index (Urban) for the prior September.

The CPI-U for September 1985 was 108.3. The CPI-U for September 2019 was 256.8. The average increase in the CPI-U for September 1985 through September 2019 was 2.58% (on a compounded Basis).

Investment Policy

The ILCS limits the Firefighters' Pension Fund investments to those allowable by the ILCS and require the Firefighters' Pension Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Firefighters' Pension Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classification by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Firefighters' Pension Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations' tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general store and separate accounts, mutual funds and corporate equity securities and real estate investment trusts. No material changes were made during the current year to investment policy.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

ILCS limit the Firefighters' Pension Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

Expected Return on Pension Plan Investments

The Firefighters' Pension Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-term Expected Rate of Return</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	38%	3.50%	1.50%
Domestic Equities	40%	7.80%	5.80%
International Equities	20%	6.70%	4.70%
Cash	<u>2%</u>	2.70%	.70%
Total	<u>100%</u>		

The long-term expected rate of return on the Firefighters' Pension Fund's investments was determined using an asset allocation study conducted by the Firefighters' Pension Fund's investment management consultant in April 2020 in which the best estimated ranges of expected future real rate of return (including inflation) were developed by major asset class as of December 31, 2019. These ranges were combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return by the target asset allocation percentage. Best estimates or arithmetic real rates of returns excluding long-term inflation expectation of 2.00% for each major asset class included in the Firefighters' Pension Fund's target asset allocation as of April 30, 2020 are listed in the table above.

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities, and mutual funds.

Investment Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.40%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Single Discount Rate

The discount rate used to measure the total pension liability was 5.04 percent. The projections of cash flows used to determine the rate discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rate. Based on these assumptions, the Firefighters Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Firefighters Pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2019	<u>\$77,892,131</u>	<u>\$11,737,791</u>	<u>\$66,154,340</u>
Changes for the year:			
Service cost	1,545,246		1,545,246
Interest	4,170,157		4,170,157
Actuarial experience	203,698		203,698
Assumptions changes	5,728,556		5,728,556
Change of benefit terms	111,309		111,309
Contributions – employer		5,100,539	(5,100,539)
Contributions – employees		365,052	(365,052)
Other contributions		1,079	(1,079)
Net investment income		(59,520)	59,520
Benefit payments and refunds	(3,310,502)	(3,310,502)	-0-
Administrative expense		(37,447)	37,447
Prior period audit adjustment		(4,250)	4,250
Net changes	<u>8,448,464</u>	<u>2,054,951</u>	<u>6,393,513</u>
Balances at April 30, 2020	<u>\$86,340,595</u>	<u>\$13,792,742</u>	<u>\$72,547,853</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 19 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Sensitivity of the Net Pension Liability to Changes in the Discount

The following presents the plan's net pension liability, calculated using a single discount rate of 5.04 percent as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

	1% Lower <u>(4.04%)</u>	Current Discount <u>(5.04%)</u>	1% Higher <u>(6.04%)</u>
Net pension liability	\$ <u>86,771,243</u>	\$ <u>72,547,853</u>	\$ <u>61,231,088</u>

G. Significant Investments:

There are no significant investments (other than those guaranteed or issued by the U.S. government) in any one organization that represent 5 percent or more of the net position available for benefits except for the following investments:

Police Pension Fund:

Harding Loevner Int'l Eqty Inst	\$1,863,788
John Hancock Int'l Growth I	1,911,462
Vanguard 500 Index Admiral	<u>3,494,755</u>
	<u>\$7,270,005</u>

Firefighters Pension Fund:

Vanguard 500 Index Admiral	\$2,825,680
Harding Loevner Int'l Eqty Inst	1,078,709
John Hancock Int'l Growth I	<u>994,379</u>
	<u>\$4,898,768</u>

NOTE 20 - OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Plan Description

In addition to providing the pension benefits described, the City provides post-employment health care benefits for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund; an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activities of the plan are reported in the City's governmental and business-type activities.

Benefits Provided

The City provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans or meet Consolidated Omnibus Budget Reconciliation Act (COBRA) requirements.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued):

All health care benefits are provided through the City's health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; and prescriptions. Eligibility in the City-sponsored health care plan is not discontinued upon eligibility for federally sponsored health care benefits. The retirees may continue on the City's health plan as a supplement to other plans for which the retirees are eligible.

Membership

At April 30, 2020, membership consisted of:

Inactive employees or beneficiaries currently receiving benefit payments	27
Inactive employees entitled to but not yet receiving benefit payments	-0-
Actives employees	<u>203</u>
Total	<u>230</u>

Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan (except for the sewer operators of Local 399 and exempt employees of the Kankakee Environmental Services Utility retirees who contribute 20% of premium for up to the first three years only), to cover the cost of providing the benefits to the current members via the insured plan (pay as you go) which results in an implicit subsidy to the City. For the fiscal year ending April 30, 2020, the City contributed \$208,463 toward the implicit subsidy. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

Total and Net OPEB Liabilities

The total OPEB liability is an unfunded obligation. The City does not have a trust dedicated exclusively to the payment of OPEB benefits. Generally, the employer's net OPEB liability is the excess of the total OPEB liability over the OPEB Plan net position. The total and net OPEB plan liability are the same in this presentation.

Actuarial Assumptions and Other Inputs:

The total OPEB liability at April 30, 2020, as determined based on an actuarial valuation date shown below and adjusted to the measurement date shown below, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial valuation date	May 1, 2018
Measurement date	April 30, 2020
Actuarial cost method	Entry-age normal
Actuarial value of assets	N/A – No assets to value
Inflation	2.50%
Salary increases	3.00%
Discount rate	3.00%
Healthcare cost trend rates	2.56%
	5.00% ultimate

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued):

The discount rate was based on the index rate for high quality tax-exempt general obligation municipal bonds rated AA or better at April 30, 2020.

Mortality rates were based on the RP-2014 Blue Collar base rates projected to 2018 with adjustments for mortality improvements based on scale MP2016 for Police and Fire.

The actuarial assumptions used in the May 1, 2019 valuation are based on varying participation levels assumed for employees, with 50% electing spouse coverage.

Changes in the Total OPEB liability:

The table presented below includes the City's collective share of total OPEB liabilities at April 30, 2020. They are reported \$3,963,688 in governmental activities and \$1,321,230 in business-type activities.

	<u>Total OPEB Liability</u>
Balances at May 1, 2019	<u>\$4,198,003</u>
Changes for the year	
Service cost	126,654
Interest	155,163
Changes in Assumptions	1,013,561
Benefit payments	<u>(208,463)</u>
Net changes	<u>1,086,915</u>
Balances at April 30, 2020	<u>\$5,284,918</u>

There were changes in assumptions related to the discount rate and health care trend rate, in addition the decrements were changed to those in the most recent IMRF and the Police Pension Fund pension plan valuation reports.

Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the City calculated using the discount rate of 3.79% as well as what the City total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.79%) or 1 percentage point higher (4.79%) than the current rate:

	1% Decrease <u>(2.79%)</u>	Current Discount Rate <u>(3.79%)</u>	1% Increase <u>(4.79%)</u>
Employer's Net OPEB Liability (Asset)	<u>\$5,907,046</u>	<u>\$5,284,918</u>	<u>\$4,768,236</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued):

The table below presents the total OPEB liability of the City calculated using the healthcare rate of 3.00% to 5.50% as well as what the City's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (2.00% to 4.5%) or 1 percentage point higher (4.00% to 6.50%) than the current rate:

	<u>1% Decrease</u> <u>(Varies)</u>	<u>Current</u> <u>Healthcare Rate</u> <u>(Varies)</u>	<u>1% Increase</u> <u>(Varies)</u>
Employer's Net OPEB Liability (Asset)	<u>\$4,571,255</u>	<u>\$5,284,918</u>	<u>\$6,168,773</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2020, the City recognized OPEB expense of \$289,447 in its governmental activities and \$96,482 in its business-type activities for a total of \$385,929. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	<u>\$969,147</u>	<u>\$-0-</u>

They are reported \$726,860 in the governmental activities and \$242,287 in the business-type activities. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in the upcoming years as follows:

<u>Year Ending</u> <u>April 30,</u>	
2021	\$104,112
2022	104,112
2023	104,112
2024	104,112
2025	104,112
Thereafter	<u>448,587</u>
Total	<u>\$969,147</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 21 – SUBSEQUENT EVENTS:

Pension Consolidation – On December 18, 2019, the State of Illinois passed Public Act 101-0610 (Act), effective January 1, 2020, which requires downstate and suburban pension funds to consolidate assets in two investment funds, one for police officers and one for firefighters. The Act stipulates that the assets and liabilities of local pension funds will remain under the ownership of each local pension board. All local pension fund assets must be transferred to their respective consolidated pension investment fund no later than 30 months after the effective date of the Act. The City has not yet evaluated the overall effect of the Act on the City's Police and Firefighter's Pension Funds.

Covid-19 Outbreak – In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 may impact various parts of its fiscal years 2021 and 2022 operations and financial results including, but not limited to, losses of significant revenues such as sales tax, gaming revenues, utility taxes and more and additional costs for emergency preparedness and cleaning services. To date the City has not been required to close or lay-off any of its employees. The City has made changes to protect its employees and residents, including working from home and social distancing, while still meeting residents' need to make proper contacts. Management believes, for the most part, operations have continued as normal and the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as most of these events occurred subsequent to year-end and are still developing.

In August 2020, the City was awarded \$1,135,985 through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. These funds will be passed through the State of Illinois Department of Commerce and Economic Opportunity's Local CURE Program and will reimburse the City for eligible expenditures that were incurred in response to the public health emergency.

In FY22, the City has been allocated by the American Rescue Plan's (ARP) State and Local Fiscal Recovery Fund (SLFRF) approximately 15 million in federal assistance for response to the impact of COVID-19. SLFRF is to be used to provide COVID-19 response and recovery by addressing the public health emergency and the negative impacts under COVID-19 including eligible fund uses for investments in water and sewer infrastructure as well as providing government services to the extent of eligible revenue losses. During the next several fiscal years, the SLFRF assistance will help the City strengthen its ability to withstand the anticipated revenue shortfalls. In addition to obtaining relief from fiscal stress and operations, the City intends to allocate spending to other various causes such as youth programs, safe and livable neighborhoods, job creation and economic development, business assistance and housing issues and projects.

Kankakee Downtown TIF District - In May 2021, the City adopted an ordinance creating the new Downtown TIF District with a goal of facilitating physical improvements, removing blighted conditions, and assisting in the reconstruction and enhancement of the Downtown Kankakee area from the incremental property taxes generated after the creation of the TIF. This presents opportunity for the City to partner with the private sector to attract new jobs and expand the tax base by attracting new commercial and industrial development to the Downtown area as well as to enhance Kankakee's image through façade, landscape and other improvements to existing businesses in the area.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 21 – SUBSEQUENT EVENTS:(Continued)

Issuance of Bonds – On December 1, 2020, the City of Kankakee issued the following General Obligation and Sewer Revenue Bonds:

1. \$21,290,000 General Obligation Refunding Bonds, Series 2020A which is projected to mature annually from January 2022 through January 2035 at an interest rate of 4% . The purpose of these bonds is to current refund \$3,135,000 of General Obligation Bonds, Series 2008, \$6,405,000 of General Obligation Refunding Bonds, Series 2009A, and \$3,465,000 of General Obligation Bonds, Series 2011A for levy restructuring and interest savings; to provide for capitalized interest; and to finance City's various capital improvement projects with the remaining available funds of approximately \$9,500,000 upon issuance.
2. \$1,100,000 Taxable General Obligation Bonds, Series 2020B which is projected to mature annually from January 2025 through January 2030 at various interest rates ranging from 1.90% to 2.85% . The purpose of these bonds is to finance public infrastructure improvements related to a retail fuel center at Exit 312 in East Kankakee area and to provide for capitalized interest.
3. \$1,480,000 Taxable Sewer Revenue Refunding Bonds, Series 2020C which is projected to mature annually from May 2021 through May 2024 at various interest rates ranging from 0.80% to 1.60% . The purpose of these bonds is to current refund \$1,420,000 of Taxable Sewer Revenue Bonds, Series 2009 for interest savings.
4. \$3,460,000 Sewer Revenue Refunding Bonds, Series 2020D which is projected to mature annually from May 2022 through May 2030 at an interest rate of 4.00% . The purpose of these bonds is to current refund \$2,700,000 of Taxable Sewer Revenue Bonds, Series 2010A for interest savings and to finance City's various Environmental Services Utility projects with the remaining available funds of approximately \$1,000,000 upon issuance.

Litigation Award – In August 2021, the City was awarded \$1,257,000 of restitution in a federal litigation case involving fraud of a former executive director of the Kankakee Environmental Services Utility. The collectability of this restitution is unknown at this time and will be evaluated annually.

REQUIRED SUPPLEMENTRY INFORMATION

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the year ended April 30, 2020

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
Revenues:				
Taxes	\$ 8,751,872	\$ 8,751,872	\$ 8,606,561	\$ (145,311)
Licenses, permits and fees	3,395,500	3,395,500	3,580,569	185,069
Charges for services	52,000	52,000	67,690	15,690
Fines and penalties	439,000	439,000	356,146	(82,854)
Intergovernmental	13,632,554	13,632,554	13,447,930	(184,624)
Interest			193,104	193,104
Miscellaneous	427,000	427,000	683,888	256,888
Total revenues	<u>26,697,926</u>	<u>26,697,926</u>	<u>26,935,888</u>	<u>237,962</u>
Expenditures:				
Current:				
General government	5,810,202	5,810,202	5,954,724	144,522
Public safety	20,791,870	20,791,870	22,413,710	1,621,840
Community development	97,880	97,880	63,547	(34,333)
Economic development			626,533	626,533
Debt service:				
Principal retirement	85,000	85,000	85,000	-0-
Total expenditures	<u>26,784,952</u>	<u>26,784,952</u>	<u>29,143,514</u>	<u>2,358,562</u>
Excess (deficit) of revenues over expenditures	<u>(87,026)</u>	<u>(87,026)</u>	<u>(2,207,626)</u>	<u>(2,120,600)</u>
Other financing sources (uses):				
Transfers from other funds	135,000	135,000		(135,000)
Transfers to other funds	(20,000)	(20,000)		20,000
Total other financing sources (uses)	<u>115,000</u>	<u>115,000</u>	<u>-0-</u>	<u>(115,000)</u>
Net change in fund balance	<u>\$ 27,974</u>	<u>\$ 27,974</u>	<u>(2,207,626)</u>	<u>\$ (2,235,600)</u>
Fund balance, May 1, 2019			<u>8,027,562</u>	
Fund balance, April 30, 2020			<u>\$ 5,819,936</u>	

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
April 30, 2020

Calendar Year Ended December 31,	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 635,131	\$ 677,677	\$ 697,962	\$ 751,956	\$ 744,363
Contributions in Relation to the Actuarially Determined Contribution	649,855	677,677	697,962	751,956	744,363
Contribution (Excess) Deficiency	\$ (14,724)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Covered-Employee Payroll	\$ 6,072,001	\$ 5,656,735	\$ 5,821,203	\$ 5,893,072	\$ 5,870,367
Contributions as a Percentage of Covered-Employee Payroll	10.70%	11.98%	11.99%	12.76%	12.68%

This schedule is intended to show information for ten years. Information for additional years will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND
April 30, 2020

Fiscal Year Ended April 30,	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 4,498,539	\$ 3,097,259	\$ 2,846,638	\$ 2,514,031	\$ 2,773,787	\$ 2,374,597
Contributions in Relation to the Actuarially Determined Contribution	<u>4,654,093</u>	<u>2,978,940</u>	<u>2,705,606</u>	<u>2,405,298</u>	<u>2,773,787</u>	<u>2,374,597</u>
Contribution (Excess) Deficiency	<u>\$ (155,554)</u>	<u>\$ 118,319</u>	<u>\$ 141,032</u>	<u>\$ 108,733</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Covered-Employee Payroll	\$ 5,423,582	\$ 5,195,743	\$ 5,097,954	\$ 4,937,486	\$ 4,984,771	\$ 4,993,793
Contributions as a Percentage of Covered-Employee Payroll	85.81%	57.33%	53.07%	48.72%	55.65%	47.55%

This schedule is intended to show information for ten years. Information for the additional years will be displayed when it becomes available.

The actuarially determined contribution shown for the current year is from the actuarial report completed for the tax levy recommendation for the December 2018 tax levy, which is collected in fiscal year 2020.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND
April 30, 2020

Fiscal Year Ended April 30,	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 4,433,704	\$ 3,057,164	\$ 2,784,783	\$ 2,588,994	\$ 2,693,520	\$ 2,506,562
Contributions in Relation to the Actuarially Determined Contribution	4,755,893	2,958,679	2,646,701	2,477,099	2,693,520	2,506,562
Contribution (Excess) Deficiency	\$ (322,189)	\$ 98,485	\$ 138,082	\$ 111,895	\$ -0-	\$ -0-
Covered-Employee Payroll	\$ 3,944,292	\$ 3,858,858	\$ 3,836,360	\$ 3,715,603	\$ 3,607,849	\$ 3,618,844
Contributions as a Percentage of Covered-Employee Payroll	120.58%	76.67%	68.99%	66.67%	74.66%	69.26%

This schedule is intended to show information for ten years. Information for the additional years will be displayed when it becomes available.

The actuarially determined contribution shown for the current year is from the actuarial report completed for the tax levy recommendation for the December 2018 tax levy, which is collected in fiscal year 2020.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY
AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFIT PLAN
April 30, 2020

Fiscal Year Ended April 30,	<u>2020</u>	<u>2019</u>
Total OPEB Liability		
Service cost	\$ 126,654	\$ 117,993
Interest	155,163	156,883
Changes of assumptions	1,013,561	66,069
Benefit payments	<u>(208,463)</u>	<u>(189,291)</u>
Net change in total OPEB liability	1,086,915	151,654
Total OPEB liability - beginning	<u>4,198,003</u>	<u>4,046,349</u>
Total OPEB liability - ending	<u>5,284,918</u>	<u>4,198,003</u>
OPEB Plan Net Position		
Employer contributions	208,463	189,291
Benefit payments	<u>(208,463)</u>	<u>(189,291)</u>
Net change in OPEB plan net position	-0-	-0-
OPEB plan net position - beginning	<u>-0-</u>	<u>-0-</u>
OPEB plan net position - ending	<u>-0-</u>	<u>-0-</u>
Employer's net OPEB plan liability	<u><u>\$ (5,284,918)</u></u>	<u><u>\$ (4,198,003)</u></u>
OPEB plan net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered-employee payroll	Not available	Not available
Employer's net OPEB liability as a percentage of covered-employee payroll	0.00%	0.00%

The City implemented GASB Statement Nos. 74/75 in 2019. This schedule is intended to show information for ten years. Information for additional years will be displayed when it becomes available.

There is no Actuarially Determined Contribution (ADC) or Employer Contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liability. However, the City did make contributions from other City sources in the current year in the amount of \$208,463.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
April 30, 2020

Calendar Year Ended December 31,	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 583,685	\$ 539,539	\$ 636,507	\$ 629,778	\$ 653,578
Interest	3,232,657	3,204,942	3,169,558	3,066,036	2,991,986
Differences between expected and actual experience of the total pension liability	342,104	(577,768)	353,461	(216,014)	(706,106)
Changes of assumptions		1,163,392	(1,269,735)	(97,231)	47,628
Benefit payments, including refunds of employee contributions	(2,460,401)	(2,532,324)	(2,206,725)	(2,023,160)	(1,840,460)
Net change in total pension liability	1,698,045	1,797,781	683,066	1,359,409	1,146,626
Total pension liability - beginning	45,526,730	43,728,949	43,045,883	41,686,474	40,539,848
Total pension liability - ending	47,224,775	45,526,730	43,728,949	43,045,883	41,686,474
Plan Fiduciary Net Position					
Employer contributions	649,855	677,677	697,961	729,567	744,362
Employee contributions	273,240	255,876	262,080	267,181	264,166
Net investment income	7,493,009	(2,469,332)	6,647,288	2,494,935	186,420
Benefit payments, including refunds of employee contributions	(2,460,401)	(2,532,324)	(2,206,725)	(2,023,160)	(1,840,460)
Other (net transfer)	87,001	575,367	(831,908)	(27,659)	(338,701)
Net change in plan fiduciary net position	6,042,704	(3,492,736)	4,568,696	1,440,864	(984,213)
Plan fiduciary net position - beginning	39,232,617	42,725,353	38,156,657	36,715,793	37,700,006
Plan fiduciary net position - ending	45,275,321	39,232,617	42,725,353	38,156,657	36,715,793
Employer's net pension liability	\$ 1,949,454	\$ 6,294,113	\$ 1,003,596	\$ 4,889,226	\$ 4,970,681
Plan fiduciary net position as a percentage of the total pension liability	95.87%	86.17%	97.70%	88.64%	88.08%
Covered-employee payroll	\$ 6,072,001	\$ 5,656,735	\$ 5,821,203	\$ 5,893,072	\$ 5,870,367
Employer's net pension liability as a percentage of covered-employee payroll	32.11%	111.27%	17.24%	82.97%	84.67%

This schedule is intended to show information for ten years. Information for additional years will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
POLICE PENSION FUND
April 30, 2020

Fiscal Year Ended April 30,	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 1,996,801	\$ 1,624,967	\$ 1,381,803	\$ 1,285,713	\$ 1,248,064	\$ 1,224,284
Interest	4,954,317	4,789,198	4,595,436	4,772,986	4,279,987	3,894,319
Changes of benefit terms	324,411					
Differences between expected and actual experience of the total pension liability	320,739	823,590	(3,173,330)	(1,187,865)	(778,728)	(967,116)
Changes of assumptions	11,582,951	7,698,133	9,286,168	(2,197,967)	4,956,063	3,901,100
Benefit payments, including refunds of employee contributions	(3,241,236)	(3,297,911)	(2,801,827)	(2,753,892)	(2,571,169)	(2,514,927)
Net change in total pension liability	15,937,983	11,637,977	9,288,250	(81,025)	7,134,217	5,537,660
Total pension liability - beginning	90,407,668	78,769,691	69,481,441	69,562,466	62,428,249	56,890,589
Total pension liability - ending	106,345,651	90,407,668	78,769,691	69,481,441	69,562,466	62,428,249
Plan Fiduciary Net Position						
Employer contributions	4,654,093	2,978,940	2,705,606	2,405,298	2,773,787	2,374,596
Employee contributions	538,482	530,361	485,601	515,222	525,627	510,380
Other contributions			113			
Net investment income	(184,228)	1,293,612	1,404,487	1,523,591	(316,496)	1,084,640
Benefit payments, including refunds of employee contributions	(3,241,236)	(3,297,911)	(2,801,827)	(2,753,892)	(2,571,169)	(2,514,927)
Administrative expense	(69,283)	(39,129)	(49,007)	(35,499)	(37,626)	(35,584)
Prior period adjustment		(221,815)				
Net change in plan fiduciary net position	1,697,828	1,244,058	1,744,973	1,654,720	374,123	1,419,105
Plan fiduciary net position - beginning	23,659,933	22,415,875	20,670,902	19,016,182	18,642,059	17,222,954
Plan fiduciary net position - ending	25,357,761	23,659,933	22,415,875	20,670,902	19,016,182	18,642,059
Employer's net pension liability	\$ 80,987,890	\$ 66,747,735	\$ 56,353,816	\$ 48,810,539	\$ 50,546,284	\$ 43,786,190
Plan fiduciary net position as a percentage of the total pension liability	23.84%	26.17%	28.46%	29.75%	27.34%	29.86%
Covered-employee payroll	\$ 5,423,582	\$ 5,195,743	\$ 5,097,954	\$ 4,937,486	\$ 4,984,771	\$ 4,993,793
Employer's net pension liability as a percentage of covered-employee payroll	1493.25%	1284.66%	1105.42%	988.57%	1014.01%	876.81%

This schedule is intended to show information for ten years. Information for additional years will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND
April 30, 2020

Fiscal Year Ended April 30,	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 1,545,246	\$ 1,288,125	\$ 1,061,699	\$ 1,045,241	\$ 1,013,349	\$ 1,100,080
Interest	4,170,157	4,120,647	3,839,317	4,100,479	3,669,410	3,362,539
Changes of benefit terms	111,309					
Differences between expected and actual experience of the total pension liability	203,698	31,312	685,858	(1,708,118)	(418,230)	322,128
Changes of assumptions	5,728,556	5,923,784	8,795,230	(2,041,275)	4,907,632	2,509,056
Benefit payments, including refunds of employee contributions	(3,310,502)	(3,163,226)	(3,138,777)	(3,052,887)	(2,975,162)	(2,844,710)
Net change in total pension liability	8,448,464	8,200,642	11,243,327	(1,656,560)	6,196,999	4,449,093
Total pension liability - beginning	77,892,131	69,691,489	58,448,162	60,104,722	53,907,723	49,458,630
Total pension liability - ending	86,340,595	77,892,131	69,691,489	58,448,162	60,104,722	53,907,723
Plan Fiduciary Net Position						
Employer contributions	5,100,539	2,958,679	2,646,701	2,477,099	2,693,519	2,506,562
Employee contributions	365,052	360,407	344,602	353,974	350,502	354,696
Other contributions	1,079	22,467	23,906			
Net investment income	(59,520)	585,575	754,401	751,720	(227,950)	461,407
Benefit payments, including refunds of employee contributions	(3,310,502)	(3,163,226)	(3,138,777)	(3,052,887)	(2,975,162)	(2,844,710)
Administrative expense	(37,447)	(51,224)	(42,530)	(39,424)	(58,967)	(92,081)
Prior period adjustment	(4,250)	(2,050)				
Net change in plan fiduciary net position	2,054,951	710,628	588,303	490,482	(218,058)	385,874
Plan fiduciary net position - beginning	11,737,791	11,027,163	10,438,860	9,948,378	10,166,436	9,780,562
Plan fiduciary net position - ending	13,792,742	11,737,791	11,027,163	10,438,860	9,948,378	10,166,436
Employer's net pension liability	\$ 72,547,853	\$ 66,154,340	\$ 58,664,326	\$ 48,009,302	\$ 50,156,344	\$ 43,741,287
Plan fiduciary net position as a percentage of the total pension liability	15.97%	15.07%	15.82%	17.86%	16.55%	18.86%
Covered-employee payroll	\$ 3,944,292	\$ 3,858,858	\$ 3,836,360	\$ 3,715,603	\$ 3,607,849	\$ 3,618,844
Employer's net pension liability as a percentage of covered-employee payroll	1839.31%	1714.35%	1529.17%	1292.10%	1390.20%	1208.71%

This schedule is intended to show information for ten years. Information for additional years will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND
April 30, 2020

<u>Year Ended April 30,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2020	(.75%)
2019	7.80%
2018	6.96%
2017	8.20%
2016	(1.65%)
2015	6.28%

This schedule is intended to show information for ten years. Information for additional years will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND
April 30, 2020

<u>Year Ended April 30,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2020	(.40%)
2019	5.52%
2018	7.89%
2017	8.35%
2016	(2.04%)
2015	4.74%

This schedule is intended to show information for ten years. Information for additional years will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2020

NOTE 1 - BUDGETARY ACCOUNTING:

The City adopts annual budgets for the General Fund, Band Fund, Illinois Municipal Retirement Fund, Special Service Area No. 2, Special Service Area No. 3 and Special Service Area No. 5. For Community Development Agency, Motor Fuel Tax, and Tax Increment Financing District Funds, legally authorized non-appropriated budgets are utilized to control expenditures on a project (or designated purpose) basis and are carried forward each year until the project is completed or the grant award has been expended. No legally adopted budgets are prepared for capital projects funds and debt service funds. Expenditures for capital project funds are controlled on a project basis. Expenditures for debt service funds are controlled through general obligation bonds' indenture provisions. Budgets for enterprise funds serve as a spending guide for the City and do not constitute legally binding limitations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the City Council's budget committee submits to the City Council a proposed operating budget for the fiscal year, which had commenced May 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to August 1, the budget is legally enacted through passage of the annual appropriation ordinance. This ordinance places legal restrictions on expenditures at the department level for the General Fund and at the fund level for the special revenue funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.
4. Revenues are budgeted by source. Although legal restrictions on expenditures are established at the department level for the General Fund and at the fund level for special revenue funds, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets such as personal services, materials and supplies, capital outlay, contractual and debt service. Expenditures are budgeted by fund and department and classified by function, activity and/or program. Management may transfer budgeted amounts between line items within a department in the General Fund and within a fund in the special revenue funds without the approval of the City Council.
5. All budgets are adopted on a modified accrual basis. Unencumbered and unexpended appropriations lapse at fiscal year end.

NOTE 2 – EXPENDITURES AND APPROPRIATIONS:

Excess of expenditures over appropriations in individual funds for the year ended April 30, 2020 were as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	<u>\$29,143,514</u>	<u>\$26,784,952</u>	<u>\$2,358,562</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2020

NOTE 2 - ILLINOIS MUNICIPAL RETIREMENT FUND:

A. Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2019 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 24-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	3.25%
Price Inflation	2.5%
Salary Increases	3.35% to 14.25% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (based year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from

CITY OF KANKAKEE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2020

NOTE 2 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued):

the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes

There were no benefit changes during the year.

** Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation*

NOTE 3 – POLICE PENSION FUND:

Valuation date

May 1, 2019

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-age Normal
Amortization Method	Level Percentage of Pay (closed)
Remaining Amortization Period	100% Funded over 19 years
Asset Valuation Method	5-year smoothed Market
Inflation	2.50%
Total Payroll Increases	3.25%
Individual Pay Increases	4.00% - 17.64%
Investment Rate of Return	6.75%
Mortality Rates	RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate
Retirement Rates	100% of L&A 2016 Illinois Police Retirement Rates Capped at Age 65
Termination Rates	100% of L&A 2016 Illinois Police Termination Rates
Disability Rates	100% of L&A 2016 Illinois Police Disability Rates

CITY OF KANKAKEE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2020

NOTE 4 – FIREFIGHTERS’ PENSION FUND:

Valuation date May 1, 2019

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay (closed)
Amortization Target	100% Funded over 18 years
Asset Valuation Method	5-year smoothed Market Value
Inflation	2.50%
Total Payroll Increases	3.25%
Individual Pay Increases	4.00% - 8.38%
Investment Rate of Return	6.75%
Mortality Rates	RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate
Retirement Rates	100% of L&A 2016 Illinois Police Retirement Rates Capped at Age 65
Termination Rates	100% of L&A 2016 Illinois Police Termination Rates
Disability Rates	100% of L&A 2016 Illinois Police Disability Rates

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

**CITY OF KANKAKEE, ILLINOIS
MAJOR FUNDS**

General Fund

Accounts for all financial resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES AND COMPARISON TO BUDGET
GENERAL FUND
For the year ended April 30, 2020
(With comparative totals for 2019)

	Budgeted Amounts		2020	2019
	Original	Final	Actual	Actual
Taxes:				
Property taxes	\$ 5,151,872	\$ 5,151,872	\$ 5,017,998	\$ 8,456,471
Utility taxes	3,600,000	3,600,000	3,588,563	3,762,748
Total taxes	8,751,872	8,751,872	8,606,561	12,219,219
Licenses, permits and fees:				
Business licenses	30,000	30,000	43,460	46,539
Liquor licenses	125,000	125,000	122,850	116,455
Gambling licenses	47,500	47,500		
Vehicle sticker fees	475,000	475,000	437,445	445,579
Rental licenses	80,000	80,000	82,389	76,272
Contractor licenses	35,000	35,000		
Other licenses	25,000	25,000	19,854	9,139
Franchise fees	300,000	300,000	364,703	377,891
Ambulance fees	975,000	975,000	985,258	968,080
Building permits and fees	300,000	300,000	401,261	266,865
Other permits and fees	28,000	28,000	124,232	96,736
Public safety fees	975,000	975,000	999,117	996,326
Total licenses, permits and fees	3,395,500	3,395,500	3,580,569	3,399,882
Charges for services:				
Community Development Agency			35,000	35,000
Fire Department	40,000	40,000	23,460	41,293
Police Department	12,000	12,000	9,230	9,175
Total charges for services	52,000	52,000	67,690	85,468
Fines and penalties	439,000	439,000	356,146	408,330
Intergovernmental:				
State replacement income tax	650,000	650,000	757,770	692,258
State income tax	2,750,000	2,750,000	2,984,578	2,673,539
Home rule sales tax	5,100,000	5,100,000	4,459,284	4,750,039
State sales tax	3,637,675	3,637,675	3,361,954	4,009,573
State gaming tax	395,000	395,000	471,945	455,662
Local use tax	800,000	800,000	950,184	814,188
Grants from various governmental agencies	249,879	249,879	424,715	313,750
Kankakee River Metropolitan Agency	50,000	50,000	37,500	50,000
Total intergovernmental	13,632,554	13,632,554	13,447,930	13,759,009
Interest	-0-	-0-	193,104	249,858
Miscellaneous revenues	427,000	427,000	683,888	543,414
Total revenues	\$ 26,697,926	\$ 26,697,926	\$ 26,935,888	\$ 30,665,180

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EXPENDITURES AND COMPARISON TO BUDGET
GENERAL FUND
For the year ended April 30, 2020
(With comparative totals for 2019)

	Budgeted Amounts		2020	2019
	Original	Final	Actual	Actual
General city government:				
Council	\$ 176,206	\$ 176,206	\$ 165,505	\$ 157,171
Mayor	142,780	142,780	134,463	123,779
Commissions and boards	33,650	33,650	21,916	28,129
City clerk	163,005	163,005	170,058	134,070
Central services	514,292	514,292	523,229	439,870
Computer operations	41,000	41,000	40,366	35,996
Corporate counsel	200,000	200,000	395,567	353,291
Adjudication	85,569	85,569	91,018	71,844
City planning	112,000	112,000	357,969	187,036
Human relations	98,400	98,400	99,727	64,806
Group insurance	1,725,000	1,725,000	1,666,593	1,735,679
Liability and workers compensation insurance	1,140,000	1,140,000	1,249,794	1,119,408
Unemployment tax	40,000	40,000	30,611	33,515
Transportation support	78,200	78,200	78,199	78,199
Property tax rebates	275,000	275,000	254,074	297,010
Other	985,100	985,100	675,635	911,077
Total general city government	5,810,202	5,810,202	5,954,724	5,770,880
Public safety - police department:				
Administration and operations	6,552,729	6,552,729	6,581,255	6,438,013
Training	40,000	40,000	21,738	26,089
Records	203,000	203,000	197,852	184,996
Communications	1,015,525	1,015,525	950,787	1,032,972
Detention and custody	82,500	82,500	45,885	55,266
Pension contribution	3,900,169	3,900,169	4,654,091	2,978,940
Crossing guards	45,500	45,500	38,659	37,530
Total public safety - police department	11,839,423	11,839,423	12,490,267	10,753,806
Public safety - fire department:				
Administration	485,345	485,345	524,076	535,312
Training	132,626	132,626	123,780	150,764
Alarm and communications system	4,000	4,000	2,426	2,951
Supplies and maintenance	30,000	30,000	29,253	25,392
Fire prevention	283,608	283,608	275,732	273,559
Fire fighting force	2,565,844	2,565,844	2,596,768	2,478,409
Emergency service	1,062,672	1,062,672	1,041,616	1,000,063
Pension contribution	3,750,572	3,750,572	4,755,893	2,958,679
Contractual services	70,000	70,000		
Total public safety - fire department	8,384,667	8,384,667	9,349,544	7,425,129

(Continued)

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EXPENDITURES AND COMPARISON TO BUDGET
GENERAL FUND
(Continued)

For the year ended April 30, 2020
(With comparative totals for 2019)

	Budgeted Amounts		2020	2019
	Original	Final	Actual	Actual
Public safety - code enforcement:				
Property maintenance	\$ 430,750	\$ 430,750	\$ 435,771	\$ 418,582
Building safety	117,030	117,030	114,793	106,064
Animal control	20,000	20,000	23,335	14,735
Total public safety - code enforcement	567,780	567,780	573,899	539,381
Total public safety	20,791,870	20,791,870	22,413,710	18,718,316
Community development:				
Community promotion	97,880	97,880	63,547	64,605
Economic development:				
Sales tax incentives			626,533	611,754
Debt service:				
Principal retirement	85,000	85,000	85,000	85,000
Total expenditures	<u>\$ 26,784,952</u>	<u>\$ 26,784,952</u>	<u>\$ 29,143,514</u>	<u>\$ 25,250,555</u>

**CITY OF KANKAKEE, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

Band Fund

Accounts for the revenues and expenditures related to the City's financial support provided to the Kankakee Municipal Band.

Illinois Municipal Retirement Fund

Accounts for the expenditures related to the state-administered retirement system which is available to general service employees and which is financed through taxation and contributions from employees, and the City (employer) FICA, Medicare, and state unemployment taxes, all of which are financed through taxation.

Special Service Area No. 2

Accounts for the revenues and expenditures related to the maintenance and repairs of ornamental street lights in the Riverview Historic District.

Special Service Area No. 3

Accounts for the revenues and expenditures related to the Coachlight Square lighting improvement project which was financed through local borrowing and property taxes.

Special Service Area No. 5

Accounts for the revenues and expenditures of maintenance and repairs to the street and roadway infrastructure in the East Side Business District.

Community Development Agency

Accounts for the revenues and expenditures of the Community Development Block Grant Program and various other federal grant programs.

Tax Increment Financing Districts Nos. 1, 5, 6, 7, 9 and 10

TIF Districts Nos. 1, 5, 6, 7, 9 and 10 are trust funds established to finance redevelopment project costs in connection with various "blighted redevelopment project areas" throughout the City. The project areas are redeveloped through the use of incremental property tax revenues generated by related redevelopment projects.

Motor Fuel Tax Fund

Accounts for the expenditures related to state-approved projects which are financed from the local share of the state gasoline tax as collected and distributed by the State of Illinois.

CITY OF KANKAKEE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2020

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 3,287,103	\$ 258,731	\$ 3,545,834
Receivables, less allowance for uncollectible amounts:			
Property taxes	1,025,900	3,928,900	4,954,800
Due from other governmental agencies	131,230		131,230
Due from other funds	16,473	326,826	343,299
Due from component units	19,455		19,455
Accounts receivable	245,931		245,931
Total assets	\$ 4,726,092	\$ 4,514,457	\$ 9,240,549
Liabilities			
Accounts payable	\$ 432,190		\$ 432,190
Accrued wages payable	38,455		38,455
Due to other funds	322,873	\$ 227,329	550,202
Total liabilities	793,518	227,329	1,020,847
Deferred Inflows of Resources			
Deferred property tax revenue	1,025,900	3,928,900	4,954,800
Deferred loan receivable	32,367		32,367
Total deferred inflows of resources	1,058,267	3,928,900	4,987,167
Fund Balance			
Restricted for:			
Debt service		450,836	450,836
Street maintenance programs	1,392,839		1,392,839
Economic development	334,024		334,024
Culture and recreation	18,672		18,672
Retirement obligations	1,401,480		1,401,480
Unassigned (deficit)	(272,708)	(92,608)	(365,316)
Total fund balance	2,874,307	358,228	3,232,535
Total liabilities, deferred inflows of resources and fund balance	\$ 4,726,092	\$ 4,514,457	\$ 9,240,549

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended April 30, 2020

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:			
Property taxes	\$ 1,155,988	\$ 4,847,809	\$ 6,003,797
Intergovernmental	2,746,554		2,746,554
Interest income	18,727	7,868	26,595
Miscellaneous	22,500		22,500
Contribution from component unit			0
Total revenues	<u>3,943,769</u>	<u>4,855,677</u>	<u>8,799,446</u>
Expenditures:			
Current:			
General government	920,449		920,449
Highways and streets	1,142,841		1,142,841
Community development	1,284,677		1,284,677
Culture and recreation	16,680		16,680
Economic development	1,803,410		1,803,410
Debt service:			
Principal retirement	2,563	4,230,000	4,232,563
Interest and fiscal charges	855	1,291,603	1,292,458
Total expenditures	<u>5,171,475</u>	<u>5,521,603</u>	<u>10,693,078</u>
Excess (deficiency) of revenues over expenditures	<u>(1,227,706)</u>	<u>(665,926)</u>	<u>(1,893,632)</u>
Other financing sources (uses):			
Issurance of capital lease	43,828		43,828
Transfers from other funds	192,453	951,583	1,144,036
Transfers to other funds	(142,000)		(142,000)
Total other financing sources (uses)	<u>94,281</u>	<u>951,583</u>	<u>1,045,864</u>
Net change in fund balances	(1,133,425)	285,657	(847,768)
Fund balance May 1, 2019	<u>4,007,732</u>	<u>72,571</u>	<u>4,080,303</u>
Fund balance, April 30, 2020	<u><u>\$ 2,874,307</u></u>	<u><u>\$ 358,228</u></u>	<u><u>\$ 3,232,535</u></u>

CITY OF KANKAKEE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
April 30, 2020

	<u>Band Fund</u>	<u>Illinois Municipal Retirement Fund</u>	<u>Special Service Area No. 2</u>	<u>Special Service Area No. 3</u>
Assets				
Cash and investments	\$ 18,672	\$ 1,405,062	\$ 50,214	\$ 64,937
Receivables, less allowance for uncollectible amounts:				
Property taxes	19,000	667,000	3,000	3,100
Due from other governmental agencies				
Due from other funds		15,418		
Due from component units		19,455		
Accounts receivable				
Total assets	<u>\$ 37,672</u>	<u>\$ 2,106,935</u>	<u>\$ 53,214</u>	<u>\$ 68,037</u>
Liabilities				
Accounts payable				
Accrued wages payable		\$ 38,455		
Due to other funds				
Total liabilities	<u>\$ -0-</u>	<u>38,455</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Deferred Inflows of Resources				
Deferred property tax revenue	19,000	667,000	3,000	3,100
Deferred loan receivable				
Total deferred inflows of resources	<u>19,000</u>	<u>667,000</u>	<u>3,000</u>	<u>3,100</u>
Fund Balance				
Restricted for:				
Street maintenance program				
Economic development			50,214	64,937
Culture and recreation	18,672			
Retirement obligations		1,401,480		
Unassigned (deficit)				
Total fund balance (deficit)	<u>18,672</u>	<u>1,401,480</u>	<u>50,214</u>	<u>64,937</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 37,672</u>	<u>\$ 2,106,935</u>	<u>\$ 53,214</u>	<u>\$ 68,037</u>

Special Service Area No. 5	Community Development Agency	Motor Fuel Tax Fund	Tax Increment Financing District No. 1 Fund	Tax Increment Financing District No. 5 Fund	Tax Increment Financing District No. 6 Fund
\$ 98,456	\$ 110,199	\$ 1,229,368	\$ 182,164	\$ 11,295	\$ 2,083
22,800				23,000	135,000
	49,559 1,000	81,671 55			
	36,873	209,058			
<u>\$ 121,256</u>	<u>\$ 197,631</u>	<u>\$ 1,520,152</u>	<u>\$ 182,164</u>	<u>\$ 34,295</u>	<u>\$ 137,083</u>
	\$ 200,768	\$ 127,313	\$ 103,609		
	237,204		78,555	\$ 1,000	
<u>\$ -0-</u>	<u>437,972</u>	<u>127,313</u>	<u>182,164</u>	<u>1,000</u>	<u>\$ -0-</u>
22,800				23,000	135,000
	32,367				
<u>22,800</u>	<u>32,367</u>	<u>-0-</u>	<u>-0-</u>	<u>23,000</u>	<u>135,000</u>
98,456		1,392,839		10,295	2,083
	(272,708)				
<u>98,456</u>	<u>(272,708)</u>	<u>1,392,839</u>	<u>-0-</u>	<u>10,295</u>	<u>2,083.00</u>
<u>\$ 121,256</u>	<u>\$ 197,631</u>	<u>\$ 1,520,152</u>	<u>\$ 182,164</u>	<u>\$ 34,295</u>	<u>\$ 137,083</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
April 30, 2020

	Tax Increment Financing District No. 7 Fund	Tax Increment Financing District No. 9 Fund	Tax Increment Financing District No. 10 Fund	Totals
Assets				
Cash and investments	\$ 59,439	\$ 55,214		\$ 3,287,103
Receivables, less allowance for uncollectible amounts:				
Property taxes	2,000	108,000	\$ 43,000	1,025,900
Due from other governmental agencies				131,230
Due from other funds				16,473
Due from component units				19,455
Accounts receivable				245,931
Total assets	<u>\$ 61,439</u>	<u>\$ 163,214</u>	<u>\$ 43,000</u>	<u>\$ 4,726,092</u>
Liabilities				
Accounts payable	\$ 500			\$ 432,190
Accrued wages payable				38,455
Due to other funds	6,114			322,873
Total liabilities	<u>6,614</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>793,518</u>
Deferred Inflows of Resources				
Deferred property tax revenue	2,000	108,000	43,000	1,025,900
Deferred loan receivable				32,367
Total deferred inflows of resources	<u>2,000</u>	<u>108,000</u>	<u>43,000</u>	<u>1,058,267</u>
Fund Balance				
Restricted for:				
Street maintenance program				1,392,839
Economic development	52,825	55,214		334,024
Culture and recreation				18,672
Retirement obligations				1,401,480
Unassigned (deficit)				(272,708)
Total fund balance (deficit)	<u>52,825</u>	<u>55,214</u>	<u>-0-</u>	<u>2,874,307</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 61,439</u>	<u>\$ 163,214</u>	<u>\$ 43,000</u>	<u>\$ 4,726,092</u>

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended April 30, 2020

	<u>Band Fund</u>	<u>Illinois Municipal Retirement Fund</u>	<u>Special Service Area No. 2</u>	<u>Special Service Area No. 3</u>
Revenues:				
Property taxes	\$ 16,569	\$ 836,808	\$ 2,999	\$ 2,929
Intergovernmental				
Interest income	27	1,358	5	5
Miscellaneous				
Total revenues	<u>16,596</u>	<u>838,166</u>	<u>3,004</u>	<u>2,934</u>
Expenditures:				
Current:				
General government		660,836		
Highways and streets				
Community development				
Culture and recreation	16,680			
Economic development				
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	<u>16,680</u>	<u>660,836</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>(84)</u>	<u>177,330</u>	<u>3,004</u>	<u>2,934</u>
Other financing sources (uses):				
Issuance of capital lease				
Transfers from other funds				
Transfers to other funds				
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	<u>(84)</u>	<u>177,330</u>	<u>3,004</u>	<u>2,934</u>
Fund balance (deficit), May 1, 2019	<u>18,756</u>	<u>1,224,150</u>	<u>47,210</u>	<u>62,003</u>
Fund balance (deficit), April 30, 2020	<u>\$ 18,672</u>	<u>\$ 1,401,480</u>	<u>\$ 50,214</u>	<u>\$ 64,937</u>

Special Service Area No. 5	Community Development Agency	Motor Fuel Tax Fund	Tax Increment Financing District No. 1 Fund	Tax Increment Financing District No. 5 Fund	Tax Increment Financing District No. 6 Fund
\$ 22,573				\$ 12,170	\$ 144,675
36	\$ 1,319,910	\$ 1,426,644		10	233
	37	16,799			
22,609	1,319,947	1,443,443	\$ -0-	\$ 12,180	144,908
	259,613				
	1,284,677	1,142,841			
7,786			1,726,503	1,286	825
	2,563				
	855				
7,786	1,547,708	1,142,841	1,726,503	1,286	825
14,823	(227,761)	300,602	(1,726,503)	10,894	144,083
	43,828				
	108,000		84,453		(142,000)
-0-	151,828	-0-	84,453	-0-	(142,000)
14,823	(75,933)	300,602	(1,642,050)	10,894	2,083
83,633	(196,775)	1,092,237	1,642,050	(599)	-0-
\$ 98,456	\$ (272,708)	\$ 1,392,839	\$ -0-	\$ 10,295	\$ 2,083

(Continued)

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)

For the year ended April 30, 2020

	Tax Increment Financing District No. 7 Fund	Tax Increment Financing District No. 9 Fund	Tax Increment Financing District No. 10 Fund	Totals
Revenues:				
Property taxes	\$ 2,658	\$ 114,607		\$ 1,155,988
Intergovernmental				2,746,554
Interest income	32	185		18,727
Miscellaneous	22,500			22,500
Total revenues	25,190	114,792	\$ -0-	3,943,769
Expenditures:				
Current:				
General government				920,449
Highways and streets				1,142,841
Community development				1,284,677
Culture and recreation				16,680
Economic development	825	66,185		1,803,410
Debt service:				
Principal retirement				2,563
Interest and fiscal charges				855
Total expenditures	825	66,185	-0-	5,171,475
Excess (deficiency) of revenues over expenditures	24,365	48,607	-0-	(1,227,706)
Other financing sources (uses):				
Issuance of capital lease				43,828
Transfers from other funds				192,453
Transfers to other funds				(142,000)
Total other financing sources (uses)	-0-	-0-	-0-	94,281
Net change in fund balances	24,365	48,607	-0-	(1,133,425)
Fund balance (deficit), May 1, 2019	28,460	6,607.00	-0-	4,007,732
Fund balance (deficit), April 30, 2020	\$ 52,825	\$ 55,214	\$ -0-	\$ 2,874,307

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BAND FUND
For the year ended April 30, 2020

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
Revenues:				
Property taxes	\$ 17,014	\$ 17,014	\$ 16,569	\$ (445)
Interest income			27	27
Total revenues	17,014	17,014	16,596	(418)
Expenditures:				
Current:				
Culture and recreation	16,680	16,680	16,680	-0-
Net change in fund balance	<u>\$ 334</u>	<u>\$ 334</u>	(84)	<u>\$ (418)</u>
Fund balance, May 1, 2019			<u>18,756</u>	
Fund balance, April 30, 2020			<u>\$ 18,672</u>	

**CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ILLINOIS MUNICIPAL RETIREMENT FUND
For the year ended April 30, 2020**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 859,294	\$ 859,294	\$ 836,808	\$ (22,486)
Interest income			1,358	1,358
Total revenues	859,294	859,294	838,166	(21,128)
Expenditures:				
Current:				
General government	858,000	858,000	660,836	(197,164)
Net change in fund balance	<u>\$ 1,294</u>	<u>\$ 1,294</u>	177,330	<u>\$ 176,036</u>
Fund balance, May 1, 2019			1,224,150	
Fund balance, April 30, 2020			<u>\$ 1,401,480</u>	

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL SERVICE AREA NO. 2
For the year ended April 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 3,003	\$ 3,003	\$ 2,999	\$ (4)
Interest			5	5
Total revenues	3,003	3,003	3,004	1
Expenditures:				
Current:				
Economic development	2,950	2,950	-0-	(2,950)
Net change in fund balance	<u>\$ 53</u>	<u>\$ 53</u>	3,004	<u>\$ 2,951</u>
Fund balance, May 1, 2019			<u>47,210</u>	
Fund balance, April 30, 2020			<u>\$ 50,214</u>	

**CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL SERVICE AREA NO. 3
For the year ended April 30, 2020**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
Revenues:				
Property taxes	\$ 3,051	\$ 3,051	\$ 2,929	\$ (122)
Interest income			5	5
Total revenues	3,051	3,051	2,934	(117)
Expenditures:				
Current:				
Economic development	3,000	3,000	-0-	(3,000)
Net change in fund balance	<u>\$ 51</u>	<u>\$ 51</u>	2,934	<u>\$ 2,883</u>
Fund balance, May 1, 2019			<u>62,003</u>	
Fund balance, April 30, 2020			<u>\$ 64,937</u>	

**CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL SERVICE AREA NO. 5
For the year ended April 30, 2020**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
Revenues:				
Property taxes	\$ 22,472	\$ 22,472	\$ 22,573	\$ 101
Interest income			36	36
Total revenues	22,472	22,472	22,609	137
Expenditures:				
Current:				
Economic development	22,000	22,000	7,786	(14,214)
Net change in fund balance	<u>\$ 472</u>	<u>\$ 472</u>	14,823	<u>\$ 14,351</u>
Fund balance, May 1, 2019			83,633	
Fund balance, April 30, 2020			<u>\$ 98,456</u>	

**CITY OF KANKAKEE, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS**

DEBT SERVICE FUNDS

General Obligation Bonds

Each series of general obligation bonds issued is set apart as an individual fund that is used to account for the accumulation of resources for the payment of debt principal, interest and related costs of each respective issue.

**CITY OF KANKAKEE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
April 30, 2020**

	General Obligation Bonds, Series 2008	General Obligation Bonds, Series 2009	General Obligation Bonds, Series 2011	General Obligation Bonds, Series 2012
Assets				
Cash and investments		\$ 33,942	\$ 224,789	
Receivables, less allowance for uncollectible amounts:				
Property taxes	\$ 1,027,800	824,000	766,500	\$ 417,100
Due from other funds		34,037	189,792	5,813
Total assets	<u>\$ 1,027,800</u>	<u>\$ 891,979</u>	<u>\$ 1,181,081</u>	<u>\$ 422,913</u>
Liabilities				
Due to other funds	\$ 26,382	\$ 31,724	\$ -0-	\$ 50,360
Deferred Inflows of Resources				
Deferred property tax revenue	1,027,800	824,000	766,500	417,100
Fund Balance				
Restricted for debt service		36,255	414,581	
Unassigned (deficit)	(26,382)			(44,547)
Total fund balance (deficit)	<u>(26,382)</u>	<u>36,255</u>	<u>414,581</u>	<u>(44,547)</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,027,800</u>	<u>\$ 891,979</u>	<u>\$ 1,181,081</u>	<u>\$ 422,913</u>

General Obligation Bonds, Series 2013	General Obligation Bonds, Series 2014	General Obligation Bonds, Series 2016	Totals
			\$ 258,731
\$ 298,000	\$ 490,500	\$ 105,000	3,928,900
	42,509	54,675	326,826
<u>\$ 298,000</u>	<u>\$ 533,009</u>	<u>\$ 159,675</u>	<u>\$ 4,514,457</u>
\$ 7,539	\$ 53,847	\$ 57,477	\$ 227,329
<u>298,000</u>	<u>490,500</u>	<u>105,000</u>	<u>3,928,900</u>
<u>(7,539)</u>	<u>(11,338)</u>	<u>(2,802)</u>	450,836 <u>(92,608)</u>
<u>(7,539)</u>	<u>(11,338)</u>	<u>(2,802)</u>	358,228
<u>\$ 298,000</u>	<u>\$ 533,009</u>	<u>\$ 159,675</u>	<u>\$ 4,514,457</u>

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the year ended April 30, 2020

	General Obligation Bonds, Series 2008	General Obligation Bonds, Series 2009	General Obligation Bonds, Series 2011	General Obligation Bonds, Series 2012
Revenues:				
Property taxes	\$ 1,065,192	\$ 1,419,192	\$ 1,007,221	\$ 497,156
Interest income	<u>1,729</u>	<u>2,302</u>	<u>1,635</u>	<u>807</u>
Total revenues	<u>1,066,921</u>	<u>1,421,494</u>	<u>1,008,856</u>	<u>497,963</u>
Expenditures:				
Debt service:				
Principal retirement	900,000	1,245,000	(370,000.00)	630,000
Interest and fiscal charges	<u>193,803</u>	<u>373,155</u>	<u>224,275</u>	<u>54,510</u>
Total expenditures	<u>1,093,803</u>	<u>1,618,155</u>	<u>594,275</u>	<u>684,510</u>
Excess (deficiency) of revenues over expenditures	(26,882)	(196,661)	414,581	(186,547)
Other financing sources (uses):				
Transfers from other funds	<u></u>	<u>160,845</u>	<u></u>	<u>142,000</u>
Net change in fund balance	(26,882)	(35,816)	414,581	(44,547)
Fund balance (deficit), May 1, 2019	<u>500</u>	<u>72,071</u>	<u>-0-</u>	<u>-0-</u>
Fund balance, April 30, 2020	<u><u>\$ (26,382)</u></u>	<u><u>\$ 36,255</u></u>	<u><u>\$ 414,581</u></u>	<u><u>\$ (44,547)</u></u>

General Obligation Bonds, Series 2013	General Obligation Bonds, Series 2014	General Obligation Bonds, Series 2016	Totals
\$ 298,736	\$ 449,294	\$ 111,018	\$ 4,847,809
485	730	180	7,868
<u>299,221</u>	<u>450,024</u>	<u>111,198</u>	<u>4,855,677</u>
270,000	665,000	150,000	4,230,000
36,760	185,750	223,350	1,291,603
<u>306,760</u>	<u>850,750</u>	<u>373,350</u>	<u>5,521,603</u>
(7,539)	(400,726)	(262,152)	(665,926)
	389,388	259,350	951,583
(7,539)	(11,338)	(2,802)	285,657
-0-	-0-	-0-	72,571
<u>\$ (7,539)</u>	<u>\$ (11,338)</u>	<u>\$ (2,802)</u>	<u>\$ 358,228</u>

**CITY OF KANKAKEE, ILLINOIS
FIDUCIARY FUNDS**

The Pension Trust Funds are used to account for assets held in a trustee capacity for pension benefit payments.

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to sworn officers on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

Firefighters' Pension Fund

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to sworn officers of the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
April 30, 2020

	Police Pension Fund	Firefighters' Pension Fund	Totals
Assets			
Cash and short-term investments	\$ 1,840,403	\$ 1,762,747	\$ 3,603,150
Receivables, less allowance for uncollectible amounts:			
Employee contributions	22,460	14,402	36,862
Interest	55,367	28,826	84,193
Investments, at fair value:			
Mutual funds	9,751,416	6,444,696	16,196,112
Corporate stocks	4,992,489	1,221,568	6,214,057
U. S. Treasury obligations	3,701,166	1,726,736	5,427,902
U. S. Agency obligations	808,258	487,374	1,295,632
Corporate bonds	4,328,034	1,963,362	6,291,396
Municipal bonds	132,372	81,513	213,885
Prepaid items		530	530
	<u>25,631,965</u>	<u>13,731,754</u>	<u>39,363,719</u>
Liabilities			
Benefits and other payables	<u>274,204</u>	<u>288,483</u>	<u>562,687</u>
Net Position			
Net position restricted for pensions	<u>\$ 25,357,761</u>	<u>\$ 13,443,271</u>	<u>\$ 38,801,032</u>

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the year ended April 30, 2020

	Police Pension Fund	Firefighters' Pension Fund	Totals
Additions:			
Contributions:			
Employer	\$ 4,654,091	\$ 4,755,893	\$ 9,409,984
Employee	538,482	366,131	904,613
Total contributions	5,192,573	5,122,024	10,314,597
Investment income:			
Net change in fair value of investments	(578,893)	(266,017)	(844,910)
Interest and dividends	532,444	276,258	808,702
	(46,449)	10,241	(36,208)
Less: investment expense	(137,779)	(69,760)	(207,539)
Net investment income	(184,228)	(59,519)	(243,747)
Total additions	5,008,345	5,062,505	10,070,850
Deductions:			
Benefits	3,153,960	3,310,502	6,464,462
Refunds of contributions	87,275		87,275
Administrative expenses	69,283	39,873	109,156
Total deductions	3,310,518	3,350,375	6,660,893
Change in net position restricted for pensions	1,697,827	1,712,130	3,409,957
Net position restricted for pensions			
May 1, 2019	23,659,934	11,731,141	35,391,075
April 30, 2020	\$ 25,357,761	\$ 13,443,271	\$ 38,801,032

**CITY OF KANKAKEE, ILLINOIS
COMPONENT UNITS**

Kankakee Public Library

Accounts for the revenues and expenses of the local public library. A majority of the revenues are from a property tax levy approved by the City Council.

Special Service Area #1

Accounts for activities to promote and develop downtown Kankakee. The major source of revenues is from a property tax levy approved by the City Council.

CITY OF KANKAKEE, ILLINOIS
DISCRETELY PRESENTED COMPONENT UNIT - KANKAKEE PUBLIC LIBRARY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
April 30, 2020

	General Operating	Adjustment	Statement of Net Position
Assets			
Cash and investments	\$ 761,355		\$ 761,355
Receivables, less allowance for uncollectible amounts:			
Property taxes	1,767,000		1,767,000
Accounts receivable	11,332		11,332
Prepaid items	3,400		3,400
Capital assets:			
Depreciable (net of accumulated depreciation)		\$ 5,694,475	5,694,475
Total assets	2,543,087	5,694,475	8,237,562
Deferred Outflows of Resources			
Deferred items related to Illinois Municipal Retirement Fund	-0-	503,761	503,761
Total assets and deferred outflows of resources	\$ 2,543,087	\$ 6,198,236	\$ 8,741,323
Liabilities			
Accounts payable	\$ 7,527		\$ 7,527
Due to primary government	173,357		173,357
Long-term liabilities:			
Due within one year		\$ 170,920	170,920
Due within more than one year		1,798,832	1,798,832
Total liabilities	180,884	1,969,752	2,150,636
Deferred Inflows of Resources			
Deferred property tax revenue	1,767,000		1,767,000
Deferred items related to Illinois Municipal Retirement Fund		655,049	655,049
Total deferred inflows of resources	1,767,000	655,049	2,422,049
Fund Balance / Net Position			
Nonspendable fund balance	3,400	(3,400)	-0-
Net investment in capital assets		3,950,934	3,950,934
Unassigned / Unrestricted	591,803	(374,099)	217,704
Total fund balance / net position	595,203	3,573,435	4,168,638
Total liabilities, deferred inflows of resources and fund balance / net position	\$ 2,543,087	\$ 6,198,236	\$ 8,741,323

CITY OF KANKAKEE, ILLINOIS
DISCRETELY PRESENTED COMPONENT UNIT - KANKAKEE PUBLIC LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended April 30, 2020

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Activities</u>
Revenues:			
Property taxes	\$ 1,755,826		\$ 1,755,826
Charges for services	328,437		328,437
Grants and contributions	149,954		149,954
Interest	3,671		3,671
Other	<u>11,180</u>		<u>11,180</u>
Total revenues	<u>2,249,068</u>	<u>\$ -0-</u>	<u>2,249,068</u>
Expenditures/expenses:			
Current:			
Culture and recreation	1,938,347	117,761	2,056,108
Debt service:			
Principal retirement	162,601	(162,601)	-0-
Interest and fiscal charges	<u>91,614</u>		<u>91,614</u>
Total expenditures/expenses	<u>2,192,562</u>	<u>(44,840)</u>	<u>2,147,722</u>
Net change in fund balance / net position	56,506	44,840	101,346
Fund balance / net position, May 1, 2019	<u>538,697</u>	<u>3,528,595</u>	<u>4,067,292</u>
Fund balance / net position, April 30, 2020	<u><u>\$ 595,203</u></u>	<u><u>\$ 3,573,435</u></u>	<u><u>\$ 4,168,638</u></u>

CITY OF KANKAKEE, ILLINOIS
DISCRETELY PRESENTED COMPONENT UNIT - SPECIAL SERVICE AREA NO. 1
STATEMENT OF NET POSITION AND GOVERNMENT FUND BALANCE SHEET
April 30, 2020

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Net Position</u>
Assets			
Cash and investments	\$ 146,188		\$ 146,188
Receivables, less allowance for uncollectible amounts:			
Property taxes	122,000		122,000
Prepaid items	257		257
Capital assets:			
Depreciable (net of accumulated depreciation)		\$ 435,728	435,728
Total assets	<u>\$ 268,445</u>	<u>\$ 435,728</u>	<u>\$ 704,173</u>
Liabilities			
Accounts payable	\$ 10,603	\$ -0-	\$ 10,603
Deferred Inflows of Resources			
Deferred property tax revenue	122,000	-0-	122,000
Fund Balance / Net Position			
Nonspendable fund balance	257	(257)	-0-
Net investment in capital assets		435,728	435,728
Unassigned / Unrestricted	135,585	257	135,842
Total fund balance / net position	<u>135,842</u>	<u>435,728</u>	<u>571,570</u>
Total liabilities, deferred inflows of resources and fund balance / net position	<u>\$ 268,445</u>	<u>\$ 435,728</u>	<u>\$ 704,173</u>

CITY OF KANKAKEE, ILLINOIS
DISCRETELY PRESENTED COMPONENT UNIT - SPECIAL SERVICE AREA NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended April 30, 2020

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Activities</u>
Revenues:			
Property taxes	\$ 118,756		\$ 118,756
Interest	486		486
Charges for services	13,642		13,642
Grants and contributions	<u>3,000</u>		<u>3,000</u>
 Total revenues	 135,884	 \$ -0-	 135,884
Expenditures/expenses:			
Current:			
Economic development	<u>121,569</u>	<u>54,918</u>	<u>176,487</u>
 Net change in fund balance/net position	 14,315	 (54,918)	 (40,603)
 Fund balance/net position, May 1, 2019	 <u>121,527</u>	 <u>490,646</u>	 <u>612,173</u>
 Fund balance/net position, April 30, 2020	 <u><u>\$ 135,842</u></u>	 <u><u>\$ 435,728</u></u>	 <u><u>\$ 571,570</u></u>

CITY OF KANKAKEE, ILLINOIS
PROPERTY TAXES RECEIVABLE
2019 LEVY TO BE COLLECTED IN FISCAL YEAR 2021
April 30, 2020

	<u>Taxes extended</u>	<u>Estimated losses</u>	<u>Estimated net taxes receivable</u>
Primary Government:			
General Fund	<u>\$ 6,040,859</u>	<u>\$ 181,859</u>	<u>\$ 5,859,000</u>
Special Revenue Funds:			
Band Fund	20,530	1,530	19,000
Illinois Municipal Retirement Fund	687,650	20,650	667,000
Special Service Area No. 2	3,158	158	3,000
Special Service Area No. 3	3,205	105	3,100
Special Service Area No. 5	23,604	804	22,800
Tax Increment Financing District #5	23,771	771	23,000
Tax Increment Financing District #6	139,828	4,828	135,000
Tax Increment Financing District #7	2,556	556	2,000
Tax Increment Financing District #8	1,047,861	31,861	1,016,000
Tax Increment Financing District #9	112,006	4,006	108,000
Tax Increment Financing District #10	<u>44,423</u>	<u>1,423</u>	<u>43,000</u>
Total Special Revenue Funds	<u>2,108,592</u>	<u>66,692</u>	<u>2,041,900</u>
Debt Service Funds	<u>4,056,582</u>	<u>127,682</u>	<u>3,928,900</u>
Total Primary Government	<u>\$ 12,206,033</u>	<u>\$ 376,233</u>	<u>\$ 11,829,800</u>
Component Units:			
Special Service Area No. 1	\$ 126,002	\$ 4,002	\$ 122,000
Library	<u>1,821,665</u>	<u>54,665</u>	<u>1,767,000</u>
Total Component Units	<u>\$ 1,947,667</u>	<u>\$ 58,667</u>	<u>\$ 1,889,000</u>

CITY OF KANKAKEE, ILLINOIS
PROPRIETARY FUND TYPES
KANKAKEE ENVIRONMENTAL SERVICES UTILITY FUND
SCHEDULE OF BOND RATE COVENANT CALCULATION
April 30, 2020

Debt service requirements	\$ 2,319,932	
120% covenant	x <u>120%</u>	
Total required revenues	<u>2,783,918</u>	
Net revenues generated by sewer utility:		
Sewer charges	17,119,581	
Utility operations expenses	<u>(4,746,743)</u>	
Net revenues generated	12,372,838	
Sewer Utility's share of Kankakee River Metropolitan		
Agency's plant operations expenses	<u>(5,552,176)</u>	
Total net revenues available		
(expressed in dollars and as a percentage of debt service		
requirements)	<u>6,820,662</u>	<u>294%</u>
Bond covenant coverage over the required revenues	<u>\$ 4,036,744</u>	

CITY OF KANKAKEE, ILLINOIS
PROPRIETARY FUND TYPES
KANKAKEE ENVIRONMENTAL SERVICES UTILITY FUND
SCHEDULE OF REVENUE BONDS PAYABLE
April 30, 2020

	Series 2009		Series 2010A		Series 2010B	
Date of issue	December 1, 2009		December 2, 2010		December 2, 2010	
Interest rates	2.00% to 5.80%		5.35% to 6.50%		2.00% to 3.90%	
Principal redemption date	May 1		May 1		May 1	
Interest payment dates	May 1 and November 1		May 1 and November 1		May 1 and November 1	
Original issue	\$ 4,000,000		\$ 2,700,000		\$ 2,740,000	
Paid to date	<u>2,270,000</u>		<u>-0-</u>		<u>1,640,000</u>	
Balance, April 30, 2020	<u>\$ 1,730,000</u>		<u>\$ 2,700,000</u>		<u>\$ 1,100,000</u>	
Date as follows:						
Year ending April 30,	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 310,000	\$ 87,875		\$ 163,755	\$ 530,000	\$ 31,638
2022	325,000	70,885		163,755		22,230
2023	345,000	52,623		163,755	570,000	11,115
2024	365,000	32,733	\$ 300,000	155,730		
2025	385,000	11,165	310,000	139,180		
2026			320,000	121,615		
2027			330,000	103,088		
2028			340,000	82,550		
2029			355,000	59,963		
2030			365,000	36,563		
2031			380,000	12,350		
2032						
2033						
2034						
2035						
2036						
	<u>\$ 1,730,000</u>	<u>\$ 255,281</u>	<u>\$ 2,700,000</u>	<u>\$ 1,202,304</u>	<u>\$ 1,100,000</u>	<u>\$ 64,983</u>

Series 2013A		Series 2013B		Series 2015	
August 6, 2013 2.91% to 5.13%		August 6, 2013 4.38% to 4.88%		August 27, 2015 3.00% to 4.50%	
May 1		May 1		May 1	
May 1 and November 1		May 1 and November 1		May 1 and November 1	
\$ 2,170,000		\$ 3,550,000		\$ 7,035,000	
435,000		-0-		200,000	
<u>\$ 1,735,000</u>		<u>\$ 3,550,000</u>		<u>\$ 6,835,000</u>	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 465,000	\$ 71,439		\$ 164,750	\$ 220,000	\$ 275,475
	71,439		164,750	225,000	268,800
	54,869		164,750	230,000	261,975
775,000	38,300		164,750	240,000	254,925
	24,536		164,750	250,000	246,325
495,000	53,897	\$ 95,000	162,672	305,000	235,225
		320,000	153,594	320,000	222,725
		330,000	139,375	350,000	209,325
		345,000	124,609	350,000	195,325
		365,000	108,622	365,000	181,025
		380,000	91,394	385,000	166,025
		400,000	73,356	660,000	143,475
		415,000	53,991	690,000	114,825
		440,000	33,150	715,000	84,938
		460,000	11,213	750,000	51,975
				780,000	17,550
<u>\$ 1,735,000</u>	<u>\$ 314,480</u>	<u>\$ 3,550,000</u>	<u>\$ 1,775,726</u>	<u>\$ 6,835,000</u>	<u>\$ 2,929,913</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
PROPRIETARY FUND TYPES
KANKAKEE ENVIRONMENTAL SERVICES UTILITY FUND
SCHEDULE OF REVENUE BONDS PAYABLE
(Continued)
April 30, 2020

	<u>Totals</u>
Date of issue	
Interest rates	
Principal redemption date	
Interest payment dates	
Original issue	\$ 22,195,000
Paid to date	<u>4,545,000</u>
Balance, April 30, 2020	<u><u>\$ 17,650,000</u></u>

Date as follows:

Year ending April 30,	Principal	Interest	Totals
2021	\$ 1,525,000	\$ 794,932	\$ 2,319,932
2022	550,000	761,859	1,311,859
2023	1,145,000	709,087	1,854,087
2024	1,680,000	646,438	2,326,438
2025	945,000	585,956	1,530,956
2026	1,215,000	573,409	1,788,409
2027	970,000	479,407	1,449,407
2028	1,020,000	431,250	1,451,250
2029	1,050,000	379,897	1,429,897
2030	1,095,000	326,210	1,421,210
2031	1,145,000	269,769	1,414,769
2032	1,060,000	216,831	1,276,831
2033	1,105,000	168,816	1,273,816
2034	1,155,000	118,088	1,273,088
2035	1,210,000	63,188	1,273,188
2036	780,000	17,550	797,550
	<u><u>\$ 17,650,000</u></u>	<u><u>\$ 6,542,687</u></u>	<u><u>\$ 24,192,687</u></u>

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE
April 30, 2020

	Series 2008		Series 2009A		Series 2009B	
Date of issue	June 1, 2008		April 15, 2009		April 15, 2009	
Interest rates	3.45% to 5.25%		2.30% to 5.00%		3.00% to 5.00%	
Principal redemption date	January 1		January 1		January 1	
Interest payment dates	July 1 and January 1		July 1 and January 1		July 1 and January 1	
Original issue	\$ 6,930,000		\$ 10,180,000		\$ 14,905,000	
Paid to date	<u>2,895,000</u>		<u>3,115,000</u>		<u>14,690,000</u>	
Balance, April 30, 2020	<u>\$ 4,035,000</u>		<u>\$ 7,065,000</u>		<u>\$ 215,000</u>	
Due as follows:						
April 30,	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 900,000	\$ 159,603	\$ 660,000	\$ 306,633	\$ 35,000	\$ 9,353
2022	985,000	124,953	690,000	278,913	40,000	7,830
2023	1,075,000	86,538	715,000	249,933	45,000	6,090
2024	1,075,000	43,538	745,000	219,903	45,000	4,133
2025			780,000	187,868	50,000	2,175
2026			810,000	154,328		
2027			850,000	119,093		
2028			890,000	81,693		
2029			925,000	42,088		
2030						
2031						
2032						
2033						
2034						
2035						
2036						
	<u>\$ 4,035,000</u>	<u>\$ 414,632</u>	<u>\$ 7,065,000</u>	<u>\$ 1,640,452</u>	<u>\$ 215,000</u>	<u>\$ 29,581</u>

Series 2011A		Series 2012A		Series 2013C		Series 2014	
April 27, 2011 2.50% to 4.90%		October 11, 2012 2.00% to 2.90%		December 23, 2013 2.00% to 3.95%		December 30, 2014 2.00% to 4.00%	
January 1		January 1		January 1		January 1	
July 1 and January 1		July 1 and January 1		July 1 and January 1		July 1 and January 1	
\$ 5,000,000		\$ 3,915,000		\$ 2,635,000		\$ 6,455,000	
495,000		2,520,000		1,890,000		2,310,000	
<u>\$ 4,505,000</u>		<u>\$ 1,395,000</u>		<u>\$ 745,000</u>		<u>\$ 4,145,000</u>	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 1,040,000	\$ 209,105	\$ 535,000	\$ 38,210	\$ 280,000	\$ 27,310	\$ 730,000	\$ 165,800
725,000	164,385	320,000	24,300	170,000	17,510	785,000	136,600
855,000	132,123	320,000	15,500	175,000	11,390	860,000	105,200
930,000	92,365	220,000	6,380	120,000	4,740	685,000	70,800
955,000	46,795					1,085,000	43,400
<u>\$ 4,505,000</u>	<u>\$ 644,773</u>	<u>\$ 1,395,000</u>	<u>\$ 84,390</u>	<u>\$ 745,000</u>	<u>\$ 60,950</u>	<u>\$ 4,145,000</u>	<u>\$ 521,800</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE
(Continued)
April 30, 2020

	Series 2016A		Series 2016B	
Date of issue	April 19, 2016		April 19, 2016	
Interest rates	2.00% to 4.00%		4.00%	
Principal redemption date	January 1		January 1	
Interest payment dates	July 1 and January 1		July 1 and January 1	
Original issue	\$ 3,665,000		\$ 2,850,000	
Paid to date	<u>585,000</u>		<u>-0-</u>	
Balance, April 30, 2020	<u>\$ 3,080,000</u>		<u>\$ 2,850,000</u>	
Due as follows:				
April 30,	Principal	Interest	Principal	Interest
2021	\$ 170,000	\$ 105,600		\$ 114,000
2022	175,000	100,500		114,000
2023	190,000	95,250		114,000
2024	600,000	89,550		114,000
2025	625,000	71,550		114,000
2026	645,000	52,800	\$ 210,000	114,000
2027	675,000	27,000	220,000	105,600
2028			225,000	96,800
2029			240,000	87,800
2030			245,000	78,200
2031			255,000	68,400
2032			270,000	58,200
2033			280,000	47,400
2034			290,000	36,200
2035			300,000	24,600
2036			315,000	12,600
	<u>\$ 3,080,000</u>	<u>\$ 542,250</u>	<u>\$ 2,850,000</u>	<u>\$ 1,299,800</u>

Totals

\$ 56,535,000
28,500,000

\$ 28,035,000

Principal	Interest	Totals
\$ 4,350,000	\$ 1,135,614	\$ 5,485,614
3,890,000	968,991	4,858,991
4,235,000	816,024	5,051,024
4,420,000	645,409	5,065,409
3,495,000	465,788	3,960,788
1,665,000	321,128	1,986,128
1,745,000	251,693	1,996,693
1,115,000	178,493	1,293,493
1,165,000	129,888	1,294,888
245,000	78,200	323,200
255,000	68,400	323,400
270,000	58,200	328,200
280,000	47,400	327,400
290,000	36,200	326,200
300,000	24,600	324,600
315,000	12,600	327,600
<u>\$ 28,035,000</u>	<u>\$ 5,238,628</u>	<u>\$ 33,273,628</u>

STATISTICAL SECTION

Table A-1

CITY OF KANKAKEE, ILLINOIS
NET POSITION BY COMPONENT (Unaudited)
Fiscal Years Ended April 30, 2011 to 2020
(accrual basis of accounting)
(amounts expressed in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities										
Net investment in capital assets	\$ 46.9	\$ 42.8	\$ 49.1	\$ 44.7	\$ 45.9	\$ 48.0	\$ 48.4	\$ 51.3	\$ 53.3	\$ 58.1
Restricted	9.6	7.6	6.3	5.9	5.9	8.6	7.3	6.6	8.3	6.5
Unrestricted	<u>(45.6)</u>	<u>(40.0)</u>	<u>(44.2)</u>	<u>(33.0)</u>	<u>(29.6)</u>	<u>(110.3)</u>	<u>(108.5)</u>	<u>(114.2)</u>	<u>(118.9)</u>	<u>(129.2)</u>
Total governmental activities net position	<u>\$ 10.9</u>	<u>\$ 10.4</u>	<u>\$ 11.2</u>	<u>\$ 17.6</u>	<u>\$ 22.2</u>	<u>\$ (53.7)</u>	<u>\$ (52.8)</u>	<u>\$ (56.3)</u>	<u>\$ (57.3)</u>	<u>\$ (64.6)</u>
Business-type activities										
Net investment in capital assets	\$ 22.3	\$ 21.8	\$ 20.9	\$ 20.1	\$ 20.6	\$ 19.6	\$ 18.1	\$ 16.5	\$ 16.4	\$ 13.4
Restricted	1.5	2.0	1.7	2.7	2.2	3.1	3.2	3.5	3.7	4.5
Unrestricted	<u>2.8</u>	<u>1.2</u>	<u>0.1</u>	<u>(3.5)</u>	<u>(2.5)</u>	<u>(3.4)</u>	<u>(4.2)</u>	<u>(4.9)</u>	<u>(4.4)</u>	<u>1.1</u>
Total business-type activities net position	<u>\$ 26.6</u>	<u>\$ 25.0</u>	<u>\$ 22.7</u>	<u>\$ 19.3</u>	<u>\$ 20.3</u>	<u>\$ 19.3</u>	<u>\$ 17.1</u>	<u>\$ 15.1</u>	<u>\$ 15.7</u>	<u>\$ 18.9</u>
Primary government										
Net investment in capital assets	\$ 69.2	\$ 64.6	\$ 70.0	\$ 64.8	\$ 66.5	\$ 67.6	\$ 66.5	\$ 67.7	\$ 69.7	\$ 71.5
Restricted	11.1	9.6	8.0	8.6	8.1	11.7	10.5	10.1	12.0	10.9
Unrestricted	<u>(42.8)</u>	<u>(38.8)</u>	<u>(44.1)</u>	<u>(36.5)</u>	<u>(32.1)</u>	<u>(113.7)</u>	<u>(112.7)</u>	<u>(119.1)</u>	<u>(123.3)</u>	<u>(128.1)</u>
Total primary government net position	<u>\$ 37.5</u>	<u>\$ 35.4</u>	<u>\$ 33.9</u>	<u>\$ 36.9</u>	<u>\$ 42.5</u>	<u>\$ (34.4)</u>	<u>\$ (35.7)</u>	<u>\$ (41.3)</u>	<u>\$ (41.6)</u>	<u>\$ (45.7)</u>

Source: Audited Financial Statements

Note: There may be some slight differences in totals due to rounding.

Table A-2

CITY OF KANKAKEE, ILLINOIS
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (Unaudited)
Fiscal Years Ended April 30, 2011 to 2020
(accrual basis of accounting)
(amounts expressed in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Program Revenues										
Charges for services:										
General government	\$ 1.2	\$ 1.3	\$ 1.4	\$ 1.1	\$ 2.9	\$ 2.9	\$ 1.6	\$ 1.5	\$ 1.4	\$ 1.6
Public safety	0.6	0.5	0.6	0.6	0.7	1.0	2.3	2.5	2.4	2.4
Public works	0.1									
Community development	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Operating grants and contributions	4.3	3.9	3.2	3.0	2.7	3.1	2.7	2.3	1.4	3.3
Capital grants and contributions	<u>0.2</u>	<u>0.1</u>	<u>0.3</u>	<u>0.0</u>	<u>0.2</u>	<u>0.0</u>	<u>0.1</u>	<u>0.0</u>	<u>0.1</u>	<u>-</u>
Total program revenues	<u>6.5</u>	<u>5.9</u>	<u>5.6</u>	<u>4.8</u>	<u>6.6</u>	<u>7.0</u>	<u>6.7</u>	<u>6.3</u>	<u>5.3</u>	<u>7.3</u>
Expenses										
General government	\$ 8.8	\$ 8.2	\$ 7.8	\$ 7.8	\$ 8.0	\$ 11.8	\$ 6.9	\$ 7.3	\$ 6.9	\$ 8.3
Public safety	16.2	17.0	17.1	17.6	17.7	18.9	22.2	23.9	28.1	31.2
Public works	0.3									
Highways and streets	1.2	3.1	2.6	2.4	2.1	1.8	2.0	1.9	1.4	1.6
Community development	2.4	2.2	1.9	1.5	1.4	1.5	1.8	1.2	0.5	1.3
Culture and recreation	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic development	16.4	12.3	12.9	10.8	0.9	1.2	0.3	0.5	1.4	0.9
Interest and fiscal charges	2.9	2.8	2.6	2.3	2.3	2.0	1.9	1.9	1.4	1.2
Total expenses	<u>48.2</u>	<u>45.8</u>	<u>44.9</u>	<u>42.4</u>	<u>32.4</u>	<u>37.2</u>	<u>35.1</u>	<u>36.7</u>	<u>39.7</u>	<u>44.5</u>
Net revenue (expense)	<u>\$ (41.7)</u>	<u>\$ (39.9)</u>	<u>\$ (39.3)</u>	<u>\$ (37.6)</u>	<u>\$ (25.8)</u>	<u>\$ (30.2)</u>	<u>\$ (28.4)</u>	<u>\$ (30.4)</u>	<u>\$ (34.4)</u>	<u>\$ (37.2)</u>
General Revenues and Other Changes in Net Position										
Property taxes	\$ 14.6	\$ 13.5	\$ 13.9	\$ 14.6	\$ 15.4	\$ 15.0	\$ 14.7	\$ 15.2	\$ 16.9	\$ 12.1
Special assessments	0.3	0.3	0.0	0.4	0.3	0.0	0.0	0.0	0.0	0.0
Illinois retailers' tax, net	21.3	18.7	18.6	16.5	6.0	4.7	3.9	3.7	4.0	3.4
Utility taxes	3.6	3.9	4.1	4.0	4.0	3.7	3.5	3.5	3.8	3.6
Other taxes	3.3	3.3	3.6	3.9	4.2	4.6	4.4	4.3	4.6	5.2
Home rule sales tax									4.8	4.5
Intergovernmental, not restricted to specific programs	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Investment income	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.3	0.2
Other	0.8	0.9	0.5	0.5	0.4	0.5	0.6	0.3	0.6	0.7
Contributions from developers										
Transfers	<u>(0.4)</u>	<u>(0.1)</u>	<u>0.1</u>	<u>3.9</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>0.3</u>	<u>0.2</u>	<u>0.3</u>	<u>0.3</u>
Total general revenues and other changes	<u>\$ 43.7</u>	<u>\$ 40.7</u>	<u>\$ 40.9</u>	<u>\$ 44.0</u>	<u>\$ 30.4</u>	<u>\$ 28.6</u>	<u>\$ 27.6</u>	<u>\$ 27.4</u>	<u>\$ 35.4</u>	<u>\$ 29.9</u>
Total change in net position	<u>\$ 2.0</u>	<u>\$ 0.8</u>	<u>\$ 1.6</u>	<u>\$ 6.4</u>	<u>\$ 4.5</u>	<u>\$ (1.7)</u>	<u>\$ (0.8)</u>	<u>\$ (3.0)</u>	<u>\$ 1.0</u>	<u>\$ (7.3)</u>

Note: There may be some slight differences in totals due to rounding.

Table A-3

CITY OF KANKAKEE, ILLINOIS
CHANGE IN NET POSITION - BUSINESS-TYPE ACTIVITIES
AND TOTAL PRIMARY GOVERNMENT (Unaudited)
Fiscal Years Ended April 30, 2011 to 2020
(accrual basis of accounting)
(amounts expressed in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Business-type activities										
Charges for services	\$ 12.0	\$ 12.6	\$ 12.7	\$ 16.6	\$ 17.4	\$ 17.3	\$ 17.9	\$ 17.6	\$ 19.1	\$ 20.2
Operating grants and contributions									0.1	0.1
Total revenues	12.0	12.6	12.7	16.6	17.4	17.3	17.9	17.6	19.2	20.3
Expenses	13.9	14.3	14.6	15.7	16.6	17.8	18.6	18.8	17.9	17.9
Net business-type revenues (expenses)	(1.9)	(1.7)	(1.9)	0.9	0.7	(0.5)	(0.7)	(1.2)	1.2	2.4
Other income and changes in net position:										
Investment income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.8	0.3	1.0
Contributions from developers										
Transfers	0.8	0.1	(0.1)	(3.9)	0.1	0.1	(0.3)	(0.2)	(0.3)	(0.3)
Total other income and changes in net position	0.8	0.2	0.0	(3.8)	0.2	0.2	(0.3)	0.6	0.0	0.8
Total change in net position	(1.1)	(1.5)	(1.9)	(2.9)	1.0	(0.3)	(1.0)	(0.6)	1.3	3.2
Total Primary Government										
Program revenues	\$ 18.5	\$ 18.5	\$ 18.3	\$ 21.3	\$ 24.0	\$ 24.4	\$ 25.0	\$ 24.2	\$ 24.6	\$ 27.6
Expenses	(62.1)	(60.8)	(59.6)	(58.0)	(49.0)	(54.9)	(53.7)	(55.5)	(57.6)	(62.4)
Net revenues (expenses)	(43.6)	(42.3)	(41.3)	(36.7)	(25.0)	(30.5)	(28.7)	(31.3)	(33.0)	(34.8)
General revenues and other changes in net position	42.9	40.3	40.8	40.2	30.5	28.6	27.3	28.0	35.3	30.7
Total change in net position	\$ (0.7)	\$ (2.0)	\$ (0.5)	\$ 3.5	\$ 5.5	\$ (1.9)	\$ (1.4)	\$ (3.3)	\$ 2.3	\$ (4.1)

Source: Audited Financial Statements

Note: There may be some slight differences in totals due to rounding.

Table A-4

CITY OF KANKAKEE, ILLINOIS
FUND BALANCES, GOVERNMENTAL FUNDS (Unaudited)
Fiscal Years Ended April 30, 2011 to 2020
(accrual basis of accounting)
(amounts expressed in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Nonspendable	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.4	\$ 0.3	\$ 0.3	\$ 0.4	\$ 0.5
Committed									4.8	1.4
Unassigned	<u>1.0</u>	<u>1.4</u>	<u>2.4</u>	<u>3.1</u>	<u>5.1</u>	<u>3.5</u>	<u>4.2</u>	<u>2.1</u>	<u>2.9</u>	<u>4.0</u>
Total General Fund	\$ 1.5	\$ 1.8	\$ 2.8	\$ 3.5	\$ 5.6	\$ 3.9	\$ 4.5	\$ 2.4	\$ 8.1	\$ 5.8
All Other Governmental Funds										
Restricted for:										
Capital projects fund	\$ 8.0	\$ 5.0	\$ 3.1	\$ 1.5	\$ 0.8	\$ 3.1	\$ 2.2	\$ 0.8	\$ 0.6	\$ 0.1
Unexpended street maintenance		1.3	1.4	1.8	1.5	1.5	1.1	0.8	1.1	1.4
Economic development		0.9	1.3	1.8	2.5	3.1	3.9	4.9	5.3	3.1
Culture & recreation		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retirement obligations		0.4	0.5	0.5	0.6	0.7	0.9	1.0	1.2	1.4
Community development		0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Special revenue funds	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt service funds	0.3	0.4	0.4	0.8	1.2	1.0	0.2	0.1	0.1	0.5
Unassigned, reported in:										
Special revenue funds	0.8	(0.1)	(0.4)	(0.3)	(0.4)	(0.6)	(1.1)	(0.1)	(0.2)	(0.4)
Debt service funds	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total all other governmental funds	\$ 10.4	\$ 8.1	\$ 6.5	\$ 6.2	\$ 6.3	\$ 8.9	\$ 7.2	\$ 7.5	\$ 8.1	\$ 6.2
Total, all governmental funds	\$ 11.9	\$ 9.9	\$ 9.3	\$ 9.7	\$ 11.9	\$ 12.8	\$ 11.7	\$ 9.9	\$ 16.2	\$ 12.0

Source: Audited Financial Statements

Note: There may be some slight differences in totals due to rounding.

Table A-5

CITY OF KANKAKEE, ILLINOIS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (Unaudited)
Fiscal Years Ended April 30, 2011 to 2020
(modified accrual basis of accounting)
(amounts expressed in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues										
Taxes	\$ 42.7	\$ 38.8	\$ 40.1	\$ 39.0	\$ 29.5	\$ 27.9	\$ 26.6	\$ 26.7	\$ 34.0	\$ 28.7
Special assessments	0.3	0.3	0.0	0.4	0.3	0.3	0.3	0.3	0.0	0.0
Licenses, fees and permits	1.3	1.4	1.6	1.3	3.1	3.4	3.4	3.5	3.4	3.6
Intergovernmental	4.5	4.1	3.6	3.0	3.0	3.1	2.7	2.3	1.4	3.3
Charges for services	0.3	0.2	0.2	0.1	0.2	0.1	0.4	0.3	0.1	0.1
Fines and penalties	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Investment earnings	0.1	0.1	0.5	0.1	0.1	0.1	0.1	0.1	0.3	0.2
Other revenues	0.8	0.9	0.0	0.5	0.4	0.5	0.7	0.8	0.7	0.7
Total revenues	\$ 50.4	\$ 46.2	\$ 46.3	\$ 44.9	\$ 37.0	\$ 35.8	\$ 34.6	\$ 34.4	\$ 40.3	\$ 36.9
Expenditures										
General government	\$ 7.2	\$ 6.8	\$ 6.7	\$ 7.1	\$ 6.8	\$ 7.1	\$ 7.1	\$ 6.5	\$ 6.6	\$ 7.7
Public safety	16.1	16.9	17.0	17.4	17.4	18.6	18.2	17.8	18.8	22.7
Public works	0.3									
Highways and streets	1.3	2.2	1.7	1.4	1.3	1.2	1.1	1.9	0.4	1.1
Community development	2.4	2.2	1.9	1.5	1.4	1.5	1.9	1.2	0.5	1.3
Culture and recreation	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic development	16.4	12.4	12.9	10.8	0.9	1.2	0.3	0.5	1.4	3.5
Debt service:										
Principal retirement	4.6	4.8	4.9	4.6	4.8	4.9	5.6	5.7	5.4	4.4
Interest and fiscal charges	3.1	2.9	2.8	2.4	2.4	2.1	1.9	1.9	1.5	1.3
Total expenditures	\$ 51.4	\$ 48.4	\$ 47.9	\$ 45.2	\$ 35.0	\$ 36.6	\$ 36.1	\$ 35.5	\$ 34.6	\$ 42.1
Other Financing Sources (Uses)										
Proceeds from borrowing	\$ 5.0					\$ 3.0		\$ 0.1		\$ 0.7
Proceeds from refunding	1.7	\$ 4.8	\$ 7.9	\$ 2.7	\$ 6.8	3.8		0.0		0.0
Payments to escrow agent	(1.7)	(4.7)	(7.7)	(5.7)	(6.7)	(3.7)		0.0		0.0
Transfers in	4.5	2.9	3.0	6.3	1.8	2.7	\$ 1.9	2.8	\$ 2.0	1.1
Transfers out	(3.7)	(3.0)	(2.9)	(2.3)	(1.9)	(2.8)	(1.7)	(2.6)	(1.7)	(0.9)
Total other financing sources (uses)	\$ 5.8	\$ 0.0	\$ 0.3	\$ 1.0	\$ 0.0	\$ 3.0	\$ 0.2	\$ 0.3	\$ 0.3	\$ 1.0
Net change in fund balances	\$ 4.8	\$ (2.2)	\$ (1.3)	\$ 0.7	\$ 2.0	\$ 2.2	\$ (1.3)	\$ (0.8)	\$ 6.0	\$ (4.2)
Capital outlay (included in expenditures above)	\$ 1.6	\$ 0.0	\$ 0.0	\$ 0.6	\$ 0.3	\$ 0.9	\$ 1.0	\$ 1.4	\$ 0.0	\$ 4.1
Debt service as a percentage of non-capital expenditures	15.5%	15.9%	16.1%	15.7%	20.7%	19.6%	21.4%	22.3%	19.9%	15.1%
Source: Audited Financial Statements										

Note: There may be some slight differences in totals due to rounding.

Table B-1

CITY OF KANKAKEE, ILLINOIS
ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(Unaudited)
LEVY YEARS 2010 - 2019

Levy Year	Residential	Commercial	Industrial	Farm	Railroad	Valuation, City of Kankakee		Ratio, Assessed/ Actual
						Assessed	Actual	
2019	\$ 125,610,994	\$82,693,696	\$ 18,999,590	\$662,554	\$2,235,301	\$ 230,202,135	\$ 690,606,405	33.3%
2018	115,149,316	81,765,924	19,072,023	593,696	2,660,875	219,241,834	657,725,502	33.3%
2017	112,360,832	78,823,414	19,310,481	539,423	2,335,329	213,369,479	640,108,437	33.3%
2016	110,238,625	79,093,967	19,774,763	524,282	2,437,132	212,068,769	636,206,307	33.3%
2015	115,987,518	81,792,970	21,914,441	467,388	2,533,946	222,696,263	668,088,789	33.3%
2014	122,677,179	80,826,384	22,081,731	424,749	2,269,279	228,279,322	684,837,966	33.3%
2013	130,167,499	80,839,310	22,486,376	394,842	2,309,852	236,197,879	708,593,637	33.3%
2012	147,614,347	81,104,048	21,057,912	371,033	2,255,576	252,402,916	757,208,748	33.3%
2011	164,040,947	79,539,058	21,612,734	373,612	2,185,288	267,751,639	803,254,917	33.3%
2010	182,769,045	82,501,453	21,675,632	448,324	1,887,273	289,281,727	867,845,181	33.3%

Source: Office of the Kankakee County Clerk

Note: State law prescribes an assessment ration of 33% of actual value.

Table B-2

CITY OF KANKAKEE, ILLINOIS
PROPERTY TAX RATES - PER \$100 ASSESSED VALUATION, DIRECT AND OVERLAPPING GOVERNMENT (Unaudited)
LEVY YEARS 2010 - 2019

LEVY YEAR	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City Direct Rates										
General Fund:										
General Corporate	\$0.006	\$0.007	\$0.008	\$0.009	\$0.010	\$0.010	\$0.011	\$0.011	\$0.010	\$0.010
Fire Protection	0.163	0.183	0.201	0.225	0.242	0.259	0.270	0.268	0.255	0.243
Police Protection	0.173	0.194	0.213	0.238	0.254	0.269	0.281	0.279	0.265	0.252
Firemen's Pension	0.753	0.826	0.936	1.087	1.181	1.252	1.406	1.533	0.572	0.726
Police Pension	0.661	0.792	0.897	1.014	1.119	1.216	1.438	1.543	0.643	0.833
School Crossing Guard	0.011	0.012	0.013	0.014	0.015	0.015	0.016	0.016	0.015	0.014
Liability Insurance	0.401	0.452	0.496	0.554	0.598	0.639	0.667	0.662	0.629	0.598
Social Security	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.191	0.181
Audit	0.015	0.017	0.019	0.021	0.022	0.022	0.023	0.023	0.022	0.021
Debt Service	<u>1.773</u>	<u>1.961</u>	<u>2.295</u>	<u>2.485</u>	<u>2.207</u>	<u>2.076</u>	<u>2.167</u>	<u>2.646</u>	<u>2.370</u>	<u>1.838</u>
Total General Fund	<u>\$3.956</u>	<u>\$4.444</u>	<u>\$5.078</u>	<u>\$5.646</u>	<u>\$5.647</u>	<u>\$5.758</u>	<u>\$6.279</u>	<u>\$6.981</u>	<u>\$4.970</u>	<u>\$4.715</u>
Special Revenue Funds										
Parks	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Band	0.006	0.007	0.007	0.008	0.008	0.008	0.009	0.009	0.008	0.009
IMRF	0.295	0.323	0.355	0.382	0.401	0.415	0.434	0.431	0.219	0.130
Library	<u>0.623</u>	<u>0.674</u>	<u>0.716</u>	<u>0.781</u>	<u>0.824</u>	<u>0.858</u>	<u>0.896</u>	<u>0.889</u>	<u>0.857</u>	<u>0.825</u>
Total Special Revenue Funds	<u>\$0.924</u>	<u>\$1.004</u>	<u>\$1.078</u>	<u>\$1.171</u>	<u>\$1.232</u>	<u>\$1.282</u>	<u>\$1.338</u>	<u>\$1.329</u>	<u>\$1.084</u>	<u>\$0.965</u>
Total City Direct Rate	<u>\$4.880</u>	<u>\$5.448</u>	<u>\$6.156</u>	<u>\$6.817</u>	<u>\$6.879</u>	<u>\$7.040</u>	<u>\$7.618</u>	<u>\$8.309</u>	<u>\$6.054</u>	<u>\$5.680</u>
Special District and Overlapping Unit Rates										
Special Service Area No. 1	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$1.490	\$1.557
Special Service Area No. 2	0.040	0.044	0.049	0.057	0.059	0.060	0.060	0.060	0.060	0.058
Special Service Area No. 3	0.083	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Special Service Area No. 5	0.300	0.145	0.154	0.163	0.174	0.181	0.196	0.206	0.216	0.219
Kankakee Township (including Road & Bridge)	0.533	0.569	0.618	0.674	0.702	0.722	0.753	0.766	0.752	0.729
Kankakee School Dist. No. 11	4.325	4.695	4.491	5.377	5.656	5.925	6.198	6.267	6.282	6.108
Kankakee Valley Airport Authority	0.038	0.040	0.041	0.044	0.045	0.045	0.045	0.044	0.042	0.041
Kankakee Valley Park District	0.526	0.568	0.618	0.464	0.702	0.730	0.766	0.760	0.768	0.744
Kankakee County Forest Preserve District	0.059	0.060	0.600	0.060	0.060	0.060	0.060	0.060	0.060	0.058
Kankakee County	0.833	0.890	0.953	1.022	1.053	1.142	1.133	1.137	1.134	1.126
Kankakee Community College District #520	<u>0.396</u>	<u>0.404</u>	<u>0.417</u>	<u>0.451</u>	<u>0.461</u>	<u>0.485</u>	<u>0.486</u>	<u>0.503</u>	<u>0.491</u>	<u>0.500</u>
Total Overlapping Units	<u>\$9.133</u>	<u>\$9.515</u>	<u>\$10.041</u>	<u>\$10.411</u>	<u>\$11.011</u>	<u>\$11.450</u>	<u>\$11.797</u>	<u>\$11.902</u>	<u>\$11.395</u>	<u>\$11.239</u>
Overall Tax Rate	<u>\$14.013</u>	<u>\$14.963</u>	<u>\$16.197</u>	<u>\$17.228</u>	<u>\$17.890</u>	<u>\$18.489</u>	<u>\$19.415</u>	<u>\$20.211</u>	<u>\$17.449</u>	<u>\$16.919</u>

Note: Each taxing unit levies a total dollar amount. The rate is then determined by the County by dividing the levy by the taxable equalized assessed value of the property within each taxing unit's district.

Source: Tax bills for respective years

Note: There may be some slight differences due to rounding.

Table B-3

CITY OF KANKAKEE
PRINCIPAL PROPERTY TAXPAYERS (Unaudited)
LEVY YEARS 2010 AND 2019 (10 YEARS, PRIOR AND CURRENT LEVY YEAR)

<u>Taxpayer</u>	<u>Levy year 2010</u>			<u>Levy year 2019</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Walmart	\$ 3,658,733	2	1.27%	\$ 3,638,933	1	1.58%
IKO Midwest, Inc.			0.00%	3,458,796	2	1.50%
Riverside Senior Living Center	2,849,634	6	0.99%	2,849,634	3	1.24%
BASF Cognis Corporation	4,987,600	1	1.74%	2,817,990	4	1.22%
Great Oak LLC	3,416,500	3	1.19%			
Riverstone Hotel Partners LLC	2,878,702	5	1.00%			
Provena Properties (Med Centers)	2,702,837	7	0.94%	2,702,837	5	1.17%
Riverwoods Association	2,609,679	8	0.91%	2,609,679	6	1.13%
Cor Unum			0.00%	2,169,030	7	0.94%
Space Center Chicago, Inc.	2,557,311	9	0.89%	2,166,450	8	0.94%
Aqua Illinois, Inc.			0.00%	2,038,577	9	0.89%
Kohl Apartments	2,169,030	10	0.76%	1,739,366	10	0.76%
Armstrong World Industries, Inc.	3,063,265	4	1.07%			
Total	<u>\$ 30,893,291</u>		<u>10.75%</u>	<u>\$ 26,191,292</u>		<u>11.38%</u>
Total EAV	<u>\$ 287,260,631</u>			<u>\$ 230,202,135</u>		

Source: Kankakee County Supervisor of Assessments

CITY OF KANKAKEE, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS (Unaudited)
LEVY YEARS 2010 - 2019

Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2019	\$ 12,567,306		
2018	12,745,158	\$ 12,503,511	98.1%
2017	16,603,108	16,150,037	97.3%
2016	15,120,153	14,439,023	95.5%
2015	14,591,758	14,021,638	96.1%
2014	14,639,062	14,366,873	98.1%
2013	15,080,852	14,613,899	96.9%
2012	14,542,067	14,338,748	98.6%
2011	13,699,916	13,878,101	101.3%
2010	13,293,730	13,273,991	99.9%

Property taxes levied during the current fiscal year are not extended and/or collected until the subsequent fiscal year. Therefore, no property taxes are collected for the most recent tax levy year at the close of the current fiscal year.

Property taxes not paid at the time of the payment deadline are sold by the County Treasurer at auction. The proceeds from the sale of the unpaid taxes are remitted by the County to the City by the end of each calendar year. Therefore, there are no tax collections for subsequent years. The property owners then have two years to purchase the taxes back through the County before title to the property passes to the holder of the paid taxes.

The County Clerk rounds the levy to assure the full levy is extended. Periodically, this results in property tax collections slightly greater than 100% for a particular levy year.

Table C-1

CITY OF KANKAKEE, ILLINOIS
OUTSTANDING DEBT (PRINCIPAL AND INTEREST) BY TYPE AND LEGAL DEBT MARGIN (Unaudited)
Fiscal Years Ended April 30, 2011 to 2020

Fiscal Year Ended	Governmental Activities		Business-type Activities			Total Primary Government (A+B+E)	Total Debt per Capita	Total Debt as a % of Personal Income
	General Obligation Bonds (A)	Installment Loans (B) ²	Revenue Bonds (C)	Other Loans (D)	Total Business- type (C+D=E)			
2020	\$ 28,035,000	\$ 50,000	\$ 17,650,000	\$ 3,320,895 ³	20,970,895	49,055,895	1,781	4.3%
2019	32,265,000	60,000	18,090,000	3,509,085 ³	21,599,085	53,924,085	1,958	4.9%
2018	37,555,000	70,000	18,895,000	3,693,577 ³	22,588,577	60,213,577	2,187	5.6%
2017	42,422,035	940,965	19,625,000	3,874,442 ³	23,499,442	66,862,442	2,428	6.5%
2016	47,674,531	1,297,580	20,125,000	3,921,202 ³	24,046,202	73,018,313	2,652	7.3%
2015	49,294,656	1,640,416	13,570,000	-	13,570,000	64,505,072	2,342	6.6%
2014	53,687,327	1,970,020	14,035,000	-	14,035,000	69,692,347	2,531	7.1%
2013	60,842,327	2,286,919	8,315,000	4,350,000 ¹	12,665,000	75,794,246	2,752	7.8%
2012	65,302,327	2,591,617	8,765,000	4,000,000 ¹	12,765,000	80,658,944	2,929	8.6%
2011	69,687,327	2,884,600	9,205,000	-	9,205,000	81,776,927	2,970	8.9%

¹Line of credit²Installment loan³Illinois EPA Loan

COMPUTATION OF LEGAL DEBT MARGIN

The City of Kankakee, Illinois is a "Home Rule" unit as established by the 1970 Illinois Constitution. As a Home Rule Community, no statutory debt limit exists.

Table C-2

CITY OF KANKAKEE, ILLINOIS
RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING (Unaudited)
Fiscal Years Ended April 30, 2011 to 2020

<u>Fiscal Year Ended</u>	<u>GO Bonds</u>	<u>GO Debt Per Capita</u>	<u>GO Debt as a % of Personal Income</u>	<u>GO Debt as a % of Actual Property EAV</u>	<u>Value</u>	<u>Revenue Coverage, Utility Bonds</u>
2020	\$ 28,035,000	\$ 1,018	2.5%	12.2%	4.1%	2.94
2019	32,265,000	\$ 1,172	2.9%	14.0%	4.7%	3.20
2018	37,555,000	1,364	3.5%	16.3%	5.4%	2.05
2017	42,422,035	1,541	4.1%	18.4%	6.1%	2.36
2016	47,674,531	1,731	4.8%	20.7%	6.9%	2.39
2015	49,294,656	1,790	5.0%	21.6%	7.2%	2.55
2014	53,687,327	1,950	5.5%	22.7%	7.6%	2.82
2013	60,842,327	2,209	6.3%	24.1%	8.0%	1.06
2012	65,302,327	2,371	7.0%	24.4%	8.1%	2.48
2011	69,687,327	2,531	7.4%	24.1%	8.0%	0.69

Population and personal income from Table D-1

Source of Revenue coverage calculation: City Records

Table C-3

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF DIRECT AND OVERLAPPING DEBT (Unaudited)
April 30, 2020

<u>Jurisdiction</u>	<u>Outstanding Debt ⁽³⁾</u>	Estimate	
		<u>Percent</u>	<u>Applicable to City ⁽⁴⁾ Amount</u>
Direct			
City of Kankakee ⁽¹⁾	<u>\$ 28,035,000</u>	100.00%	<u>\$ 28,035,000</u>
Overlapping ⁽²⁾			
Kankakee School District No. 111	40,110,000	64.43%	25,842,873
Herscher School District No. 2	17,330,000	0.74%	128,242
Bradley School District No. 61	2,005,000	4.60%	92,230
Bradley-Bourbonnais High School District No. 307	3,385,000	1.38%	46,713
Clifton School District No. 4	5,491,294	1.62%	88,959
Bourbonnais Township Park District	2,725,000	1.55%	42,238
Kankakee Community College Dist. No. 520	13,185,000	8.78%	1,157,643
Kankakee Park District	1,052,625	64.18%	675,575
Kankakee Valley Airport Authority	1,850,000	32.09%	593,665
Kankakee County	<u>10,025,000</u>	11.07%	<u>1,109,768</u>
Total Overlapping Debt	<u>97,158,919</u>		<u>29,777,906</u>
Total Net Direct and Overlapping Debt	<u>\$125,193,919</u>		<u>\$ 57,812,905</u>

2019 Equalized Assessed Valuation (EAV)	\$ 230,202,135
2019 Estimated Full Valuation	\$ 690,606,405
Population - 2010 Census	27,537
Full Valuation per Capita	\$ 25,079

<u>Debt Ratios</u>			
	<u>% EAV</u>	<u>% Full Value</u>	<u>Per Capita</u>
Net Direct Debt: \$ 28,035,000	12.18%	4.06%	\$ 1,018
Net Direct and Overlapping Debt: \$ 57,812,905	25.11%	8.37%	\$ 2,099

(1) Net direct debt is exclusive of self-supporting debt

(2) Debt Information current to December 2019; overlapping bonded debt; source is Kankakee County

(3) Outstanding Debt excludes alternate revenue bonds

(4) Applicable to City based on 2019 EAV

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF UTILITY REVENUE SUPPORTED BOND COVERAGE (UNAUDITED)
Fiscal Years Ended April 30, 2011 to 2020

<u>Fiscal Year (1)</u>	<u>Sewer Revenue</u>	<u>Sewer Expense (2)</u>	<u>Net Revenues Available for Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage (3)</u>
2020	\$ 17,119,581	\$ 10,298,919	\$ 6,820,662	\$ 1,525,000	\$ 794,932	\$ 2,319,932	2.94
2019	16,100,545	10,464,716	5,635,829	930,000	829,818	1,759,818	3.20
2018	14,743,933	11,315,662	3,428,271	805,000	863,573	1,668,573	2.05
2017	14,868,500	11,043,874	3,824,626	730,000	890,792	1,620,792	2.36
2016	13,647,571	10,492,966	3,154,605	500,000	818,309	1,318,309	2.39
2015	12,193,849	9,331,313	2,862,536	480,000	642,685	1,122,685	2.55
2014	11,502,262	8,526,303	2,975,959	465,000	589,788	1,054,788	2.82
2013	9,293,626	8,374,382	919,244	450,000	420,195	870,195	1.06
2012	9,426,813	7,284,586	2,142,227	440,000	424,515	864,515	2.48
2011	8,626,955	7,212,080	2,409,054	3,030,000	438,202	3,468,202	0.69

(1) Beginning Fiscal Year 2014, principal and interest payments on revenue bonds have been made on their due date at the beginning of the following fiscal year and recorded as payables due within one year in the Proprietary Fund Statement of Net Position.

(2) Total operating expenses exclusive of depreciation.

(3) Net revenues available for debt service divided by debt service payments.

Table D-1

**CITY OF KANKAKEE, ILLINOIS
DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited)
Fiscal Years Ended April 30, 2011 to 2020**

<u>Fiscal Year Ended</u>	<u>Population</u> ¹	<u>Per Capita Personal Income</u> ²	<u>Total Personal Income</u>	<u>Unemployment Rate</u> ³
2020	27,537	\$ 41,387	\$ 1,139,673,819	16.2%
2019	27,537	39,862	1,097,679,894	4.3%
2018	27,537	38,802	1,068,490,674	4.8%
2017	27,537	37,425	1,030,572,225	4.7%
2016	27,537	36,338	1,000,639,506	6.1%
2015	27,537	35,715	983,483,955	6.0%
2014	27,537	35,657	981,886,809	8.6%
2013	27,537	35,147	967,842,939	11.3%
2012	27,537	34,013	936,615,981	14.5%
2011	27,537	33,379	919,157,523	15.0%

¹ Census Bureau, 2010

² U.S. Bureau of Economic Analysis for Kankakee Metro Statistical Area

³ April 2019, Illinois Department of Employment Security

Table D-2

CITY OF KANKAKEE, ILLINOIS
LARGEST REGIONAL EMPLOYERS (Unaudited)
Fiscal Years Ended April 30, 2011 and April 30, 2020

<u>Employer</u>	2011			2020		
	<u>Number of</u> <u>Employees</u>	<u>Rank</u>	<u>% of</u> <u>Total County</u> <u>Population</u>	<u>Number of</u> <u>Employees</u>	<u>Rank</u>	<u>% of</u> <u>Total County</u> <u>Population</u>
Riverside Healthcare	2,130	1	1.9%	3,178	1	3.0%
CSL Behring	725	7	0.6%	1,700	2	1.6%
CIGNA (Connecticut General Insurance)	840	4	0.7%	1,200	3	1.1%
Shapiro Developmental Center	1,300	2	1.1%	1,150	4	1.1%
AMITA Healthcare - St. Mary's Hospital	974	3	0.9%	1,069	5	1.0%
Van Drunen Farms	370	12	0.3%	766	6	0.7%
Kankakee School District No. 111	760	5	0.7%	724	7	0.7%
Olivet Nazarene University	450	10	0.4%	623	8	0.6%
Kankakee County Government	536	8	0.5%	601	9	0.6%
Baker & Taylor Company	725	6	0.6%	540	10	0.5%
Nucor Steel ¹				500	11	0.5%
Kankakee Community College	460	9	0.4%	400	12	0.4%
Illinois Veterans' Home	316	15	0.3%	341	13	0.3%
Indian Oaks Academy ¹				340	14	0.3%
Del Monte Fresh Produce, N.A., Inc. ¹				312	15	0.3%
Total	9,586		8.4%	13,444		12.5%

¹Employer was not in top 15 in calendar 2011

Source: Economic Alliance of Kankakee County
City of Kankakee records from fiscal 2011 audit

Table E-1

CITY OF KANKAKEE, ILLINOIS
FULL-TIME EQUIVALENT EMPLOYEES (Unaudited)
Fiscal Years Ended April 30, 2011 to 2020

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government										
Mayor and Council	16.0	16.0	16.0	17.0	17.0	17.0	17.0	16.0	16.0	17.0
Clerk	3.0	2.5	2.5	2.5	2.5	2.5	3.0	2.0	3.0	3.0
Human Resources	1.5	1.5	1.5	1.5	-	-	-	1.0	1.0	1.0
Marketing & Community Promotions	-	-	-	-	-	-	-	-	-	1.0
Finance/Central Services										
Accounting	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	4.0	4.0
Billing and Collections	1.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Legal										
Counsel and Legal	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	-	-
Adjudication	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Public Safety										
Police										
Officers	70.0	69.0	70.0	69.0	67.0	68.0	68.0	67.0	67.0	68.0
Civilians	12.0	7.0	7.5	9.0	4.0	4.0	4.0	4.5	4.5	4.5
Fire										
Firefighters and Officers	56.0	52.0	53.0	51.0	48.0	48.0	48.0	47.0	48.0	46.0
Civilians	2.0	1.0	1.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
Code	12.0	9.0	9.0	12.0	10.0	9.0	10.0	8.0	9.0	7.0
Public Works										
Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Garage	4.0	3.0	3.0	3.0	3.0	1.0	4.0	2.0	2.0	2.0
Streets, Alleys, and Solid Waste	22.0	25.0	29.0	24.0	24.0	22.0	22.0	26.0	26.0	24.0
Parks	-	-	-	-	-	-	-	-	-	-
Community Development Agency	9.0	9.0	7.0	5.5	6.0	6.0	4.0	2.0	5.0	6.0
Environmental Services Utility										
Administration and clerical	2.0	1.0	5.0	5.0	5.0	5.0	6.0	4.0	4.0	3.0
Lab	5.0	6.0	6.0	4.0	4.0	6.0	5.0	5.0	5.0	5.0
Sewer services	9.0	9.0	7.0	6.0	9.0	9.0	11.0	10.0	10.0	8.0
Technical services	11.0	9.0	8.0	5.0	4.0	4.0	6.0	6.0	6.0	5.0
Building maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Plant operations and maintenance	-	-	-	-	-	-	-	-	-	-
Total	<u>248.0</u>	<u>232.5</u>	<u>238.0</u>	<u>230.0</u>	<u>218.0</u>	<u>216.0</u>	<u>222.5</u>	<u>213.0</u>	<u>219.0</u>	<u>213.0</u>

Source: City records

Note: There may be some slight differences in totals due to rounding

Table E-2

CITY OF KANKAKEE, ILLINOIS
OPERATING INDICATORS (Unaudited)
Fiscal Years Ended April 30, 2011 to April 30, 2020

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Public Safety										
Police										
Total arrests	2,038	2,038	2,230	1,494	1,498	1,391	1,397	1,345	1,277	1,095
Traffic citations	5,260	5,260	3,330	4,217	5,296	5,983	7,482	3,885	3,239	3,840
Fire										
Fire runs	2,509	5,377	5,372	4,299	5,569	5,547	5,891	5,907	6,217	6,457
Structure fires	123	88	57	168	51	48	145	175	161	138
EMS calls	3,782	3,658	3,685	3,941	4,391	4,468	4,786	4,891	5,001	5,078
Public Works										
Street Sweepings (tons)	478	478	475	568	603	689	662	555	723	864
Non-demolition waste (tons)	656	656	665	774	672	839	881	295	418	527
Wastewater										
Number of customers										
Residential and commercial	7,985	7,957	7,683	7,683	7,683	7,566	7,250	7,803	7,802	7,042
Industrial and institutional	40	44	45	46	46	46	45	49	50	48
Sewer charges (in thousands of \$'s)										
Residential	\$3,373	\$3,718	\$3,491	\$4,065	\$4,167	\$4,460	\$4,391	\$5,185	\$ 5,735	\$ 5,846
Industrial	\$5,076	\$5,709	\$5,355	\$7,437	\$7,220	\$9,188	\$8,240	\$9,559	\$10,365	\$11,274
Treatment capacity (MGD)	14	14	14	25	25	25	25	25	25	25
Present Load (MGD)	8	8	8	12	16	18	18	16	17	17

Source: City records

Table E-3

CITY OF KANKAKEE, ILLINOIS
CAPITAL ASSET STATISTICS (Unaudited)
Fiscal Years Ended April 30, 2011 to April 30, 2020

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	25	25	22	22	24	24	24	24	23
Fire										
Stations	7	7	7	7	7	7	7	7	7	7
Front-line apparatus	7	7	7	7	7	7	7	7	7	7
Public works										
Streets (miles)	270	270	270	270	270	270	270	270	270	270
Alleys (miles)	113	113	113	113	113	113	113	113	113	113
Bridges	17	17	17	17	17	17	17	17	17	17
Sidewalks (miles)	222	222	222	222	222	222	222	222	222	222
Streetlights	192	192	192	192	192	192	192	192	192	192
Traffic signals (intersections)	33	33	33	33	33	33	33	33	33	33
Storm sewers (miles)	122	122	122	122	122	122	122	122	122	122
Wastewater										
Sanitary sewers (miles)	145	145	145	145	145	145	145	145	145	145

Source: City records

SINGLE AUDIT SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and City Council
City of Kankakee, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kankakee, Illinois (the City), as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated November 19, 2021. Our report includes a reference to other auditors who audited the financial statements of Kankakee River Metropolitan Agency, a joint venture, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-01, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Groskreutz, Abraham, Eschleman & Geretse LLC

Kankakee, Illinois
November 19, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor and City Council
City of Kankakee, Illinois

Report on Compliance for Each Major Federal Program

We have audited the City of Kankakee, Illinois' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended April 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2020.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-101. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-101, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Groskreutz, Abraham, Eshterman & Geretke LLC

Kankakee, Illinois
November 19, 2021

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended April 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>MAJOR PROGRAMS</u>			
<u>Department of Housing and Urban Development</u>			
Lead-Based Paint Abatement	14.900	ILL HB 0669-18	<u>\$ 669,134</u>
Total Major Programs			<u>669,134</u>
<u>OTHER PROGRAMS</u>			
<u>Environmental Protection Agency</u>			
Small Business Liability Relief and Brownfields Revitalization Act	66.818	BF-00E01381	<u>194,242</u>
Total Environment Protection Agency			<u>194,242</u>
<u>Department of Transportation</u>			
Passed-through Illinois Department of Transportation: Highway Safety Project	20.600	OP190013	<u>8,877</u>
Total Department of Transportation			<u>8,877</u>
<u>Department of Housing and Urban Development</u>			
Community Development Block Grant: Program year 2018	14.218	B-18-MC-17-0026	<u>351,356</u>
Program year 2019	14.218	B-19-MC-17-0027	<u>212,395</u>
Total Department of Housing and Urban Development			<u>563,751</u>
<u>Department of Justice</u>			
Passed-through Illinois Criminal Justice Information Authority: Edward Byrne Memorial Justice Assistance	16.738	417705	<u>120,584</u>
Total Department of Justice			<u>120,584</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
For the year ended April 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>Department of Homeland Security</u>			
Passed-through Illinois Emergency Management Agency: State-Local Hazard Mitigation Grant Program	97.039	FEMA-DR-1960-IL	<u>51,667</u>
Total Department of Homeland Security			<u>51,667</u>
<u>National Endowment for the Humanities</u>			
Passed-through Illinois State Library: Project Next Generation - Civic Awareness Project	45.310	19-2030-PNG	4,400
	45.310	21-2005-PNG	<u>17,000</u>
Total National Endowment for the Humanities			<u>21,400</u>
Total Other Programs			<u>960,521</u>
Total Federal Awards			<u><u>\$1,629,655</u></u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended April 30, 2020

SIGNIFICANT ACCOUNTING POLICIES:

The City's accounting records are maintained in accordance with the accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board.

The significant accounting policies followed by the City are as follows:

Reporting Entity

The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Under modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers grant revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis of accounting.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until earned.

Subrecipients

The City did not have any subrecipients.

Other information

The City did not receive any federal insurance or non-cash assistance.

10% De Minimis Indirect Cost Rate

The City has elected the 10% de minimis indirect cost rate.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended April 30, 2020

SECTION I – SUMMARY OF AUDITORS RESULTS:

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? X yes

Type of auditors report issued on compliance for major programs: Unmodified

Any audit finding disclosed that are required to be reported in accordance with 2CFR 200.516(a)? X yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.900	Lead-Based Paint Abatement

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
For the year ended April 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS:

Finding 2020-01 - Preparation and Filing of Financial Statements

Criteria: City of Kankakee should ensure its Comprehensive Annual Financial Report (CAFR) that includes its financial statements, note disclosures, required supplementary information, and other financial schedules is accurate and issued within the required timelines to satisfy the audit requirements imposed by federal and state laws and regulations, grants, contracts, and long-term debt agreements.

Condition and Context: The management of the City is responsible for establishing and maintaining the City's accounting systems and preparing accurate and timely financial reports, including the City's CAFR. Illinois statutes (65 ILCS 5/, 55 ILCS 5, and 50 ILCS 310) require the City to submit an Annual Financial Report (AFR) to the Illinois Comptroller's Office with its annual CAFR attached. Also, an Annual TIF Report is due to the State each year. City's general obligations bonds and revenue bonds require annual audits and reports every year. Most of these reports and their submissions are due within 180 days of the City's fiscal year end, with extensions available. In addition, a single audit, with its reporting package and data collection form, is due within 9 months of the fiscal year end to the Federal Clearing House because of the City's participation in federal awards.

Effect: City's CAFR for the year ended April 30, 2020 was not completed until November 2021. As a result, City did not comply with the various reporting and submission requirements listed above in a timely manner. Delays in financial reporting may result in rating agencies lowering the State's ratings for bonds and certificates of participation. Also, the State's single audit reporting package will be issued late (see finding 2020-101), which could result in a loss of federal funding.

Cause: Internal controls were not properly designed, executed, and monitored to ensure a timely preparation of reports and records for audit purposes. The City administration had changed hands and the City Comptroller, who is charged with the reporting functions, was asked to take on extra duties. This coupled with the shortage in accounting staffing and resources have delayed current year's financial reporting.

Recommendation: We recommend that the management create policies and procedures to ensure that audits are started and completed in a timely fashion for all reporting and submission purposes. Accounting and finance department should consider additional hiring and or reorganization and reassignment of duties to effectuate a timely closing of the books and preparation of financial statements.

Responsible Official's Response and Corrective Action Planned: We have reviewed the finding and concur with the observations and comments. We are in the process of making the necessary reassignments and changes to focus on the timely preparation of financial statements in the coming year. We will work closely with our independent auditors to ensure the completion of audit within the specified timeline

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
For the year ended April 30, 2020

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

Finding 2020-101 – Compliance and Internal Control Deficiency over Reporting of Data Collection Form

CFDA Title and Number: ALL
Federal Agency: ALL
Federal Award Year: 2019-2020

Criteria: Section 200.512(a) of the Uniform Guidance states that an audit must be completed and the data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the audit period.

Condition: The City did not complete the audit and submit the data collection form and reporting package within nine months after the end of the fiscal year.

Questioned Costs: None

Effect or Potential Effect: The City did not meet the audit and reporting requirements as provided in Section 200.512(a). Thus the City was not in compliance with Uniform Guidance reporting requirements.

Cause: The City did not have policies in place to have an audit completed or data collection form submitted before the deadline. City's audit for the year ended April 30, 2020 was not completed until November 2021.

Recommendation: The City should implement policies and procedures to have the audit completed and data collection form filed before the deadline.

Responsible Official's Response and Corrective Action Planned: The City will work closely with the independent auditor to ensure single audits are completed within the specified timeline.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS:

No findings were reported.